A Background Paper
Prepared for
THE COMMONWEALTH FUND
Americans over 55
at Work Program

THE COMMONWEALTH FUND

The Commonwealth Fund is a philanthropic foundation established in 1918 by Anna M. Harkness with the broad charge to enhance the common good. To carry out this mandate, since the 1980s the Fund has looked for opportunities to improve Americans' health and well-being and to assist specific groups of Americans who have serious and neglected problems. Its major programs focus on health, education, and workforce issues. Since 1925, the Fund has also awarded Harkness Fellowships to enable young citizens of the United Kingdom, Australia, and New Zealand to study and travel in the United States.

Americans over 55 at Work Program

The Americans over 55 at Work program, begun in 1988, is based on the premise that people over 55 are an under-utilized resource with tremendous productive potential. The program aims to increase employment opportunities for older workers and motivate employers to find new ways to attract, retrain, and retain seniors. Viewing older Americans as resources rather than retirees, the program also helps educational institutions get into the business of providing continuing education and training to older learners and is seeking to expand opportunties for voluntary work by older adults.

BRIDGE EMPLOYMENT AND JOB STOPPING IN THE 1980s

by

Christopher J. Ruhm
Associate Professor
Department of Economics
University of North Carolina at Greensboro

April 1990

Revised: May 1991

The Commonwealth Fund
Americans over 55 at Work Program

Background Paper Series: No. 3

A final report prepared under contract with ICF Incorporated from a grant by The Commonwealth Fund and based on a 1989 Louis Harris & Associates survey commissioned by the Fund. I would like to thank William McNaught, ICF Incorporated, for helpful comments. The views in this paper are my own and do not necessarily represent the positions of the project sponsors.

1. INTRODUCTION

Increased longevity, combined with earlier departures from "career" jobs, provide many individuals with the opportunity to maintain attachments to the labor force following the end of traditional employment relationships. The actual experiences of these persons are quite diverse. Some workers retire early and permanently. More frequently, however, retirement involves a gradual transition rather than a single abrupt event. Understanding this "job stopping" process is of key importance to efforts at increasing the employment opportunities of mature adults.

Economists have increasingly recognized the disparate nature of job stopping and have begun to study the employment patterns observed during the periods preceding and following "normal" retirement ages. The first research of this type focused on the frequency and determinants of partial retirement.[1] More recently, attention has been paid to the diverse set of activities undertaken after career jobs end. A partial listing includes: 1) beginning a second career, 2) temporary full-time employment, 3) part-time work of either brief or lengthy duration, 4) self-employment, and 5) reentry into the labor force after a short period of temporary retirement.[2] For given individuals, the job-stopping process can involve one or a combination of these activities.

Postcareer "bridge" jobs differ from career positions in a number of important respects. They are generally located in different industries or entail different occupations (or both), and often they imply voluntary or involuntary reductions in pay. They are more likely than career positions to involve part-time work or self-employment, although, as we shall see, this is by no means the norm. They also last for shorter periods of time and are less likely to offer pension coverage. Job-stopping patterns exhibit important differences by gender, income, occupation, and pension status (in career employment).

Earlier examinations of the retirement process have typically relied on data collected during the late sixties and seventies from the Social Security Administration *Retirement History Longitudinal Survey* (*RHLS*). Although this set of data provides an enormous amount of detailed information, the sample analyzed is unrepresentative of persons currently approaching retirement for at least two reasons. First, members of this cohort began their work lives during or just before the Great Depression, and their movements into career employment may have been further delayed by the onset of World War II. Second, they approached retirement during the relatively stable economic period of the 1960s and early 1970s. In contrast, workers presently in their

fifties and early sixties completed school after World War II and have neared retirement during the more turbulent 1980s.

An additional shortcoming of the *RHLS* is that it does not contain a representative sample of women. The only women included were those who were unmarried in the initial survey year (1969); there is also some information collected on women widowed during the 10-year survey period. The absence of married women is particularly distressing since this is the group with the most rapid recent growth in labor force participation (at younger ages).

This paper presents an analysis of a newly available Harris survey, which was specifically designed to elicit information on the employment histories and job-stopping behavior of men and women currently approaching or having recently reached retirement. The examination focuses on three basic questions. First, how important are bridge jobs for the U.S. economy? Second, how do bridge jobs differ from career positions? Finally, who takes bridge employment and why?[3]

2. DATA AND SAMPLE

Data for this study were obtained from a Louis Harris and Associates Survey that was conducted for The Commonwealth Fund between March and September of 1989. For the survey, 3,509 Americans between the ages of 50 and 64 were interviewed by telephone. The sample represents a national cross-section of the civilian adult population of this age, and it excludes people in prisons, hospitals, nursing homes, or religious and educational institutions, as well as residents of Alaska and Hawaii. Included are 1,758 women between the ages of 50 and 59 and 1,751 men aged 55 to 64. At the time of the survey, 57 percent of respondents were working and 43 percent were unemployed or out of the labor force.[4]

The data are weighted by age, race, sex, and working status utilizing current (April 1989) data from the Census Bureau to produce projectable results for the 21.5 million Americans in the age cohort surveyed. Since this analysis focuses on labor force behavior in the preretirement and retirement years, persons who have never held a paid full-time job are excluded from the sample. This restriction eliminates 3.4 percent of respondents (123 individuals). The probability of being excluded for this reason varies considerably across population groups. For instance, 5 to 6 percent of Hispanics, women, and high school dropouts were deleted, as compared to less than 2 percent of men, college-educated individuals, and nonwhites (see Table 1).

Table 1
Percentage of Respondents Who Have Never Held a Paid Full-Time Job

All respondents	3.4
Groups with high probabilities:	
Women	6.0
High School Dropouts	6.0
Hispanics	5.0
Groups with low probabilities	
Men	0.5
College-educated workers	1.8
Nonwhites	1.8

The concept of a career job implies attachment to a *single* firm for a substantial portion of the individual's working life. This employment can take the form of one position or a progression of presumably increasingly responsible jobs. The respondent's career job is defined, with this definition in mind, as the longest period of employment for a single firm, up to and including the job held at the survey date.

It is important to recognize that the end of the career job does not automatically begin the transition out of the labor force. For example, professionals may leave career employment to secure positions of greater responsibilities, and some persons may depart longest jobs at fairly young ages to begin "second careers." At the opposite extreme, marginal workers may have trouble keeping any job for more than a few years and so never develop lasting attachments to a single firm. Postcareer employment therefore includes lengthy periods of substantial attachment to the labor force, as well as transitional jobs that briefly precede permanent and complete retirement.

3. CAREER TERMINATIONS AND BRIDGE EMPLOYMENT

Career positions normally end well before normal retirement ages, providing individuals with the potential for working in bridge jobs for several years. This section discusses the pattern of career terminations and the prevalence of bridge employment. Sections 4 through 7 provide supplementary information on differences

between career and bridge jobs, patterns of occupational mobility within and outside career employment, and possible motivations of persons who accept postcareer positions.

Fewer than one-third (32.6 percent) of the sample continued in their career jobs through the survey date, an almost equal proportion (28.4 percent) were employed in bridge jobs, while the largest fraction (39.0 percent) reported themselves to be voluntarily or involuntarily out of work (see Table 2). This indicates that career employment is fairly uncommon for this age group (considerably less so than in previous time periods) and that bridge jobs provide an extremely important source of work. The frequency of bridge employment varies only slightly by marital status, but unmarried persons are considerably more likely than their married counterparts to still be working for career employers.

Attachment to career jobs falls with age. The reduction is moderate prior to age 62, but much more rapid between the ages of 62 and 64. For example, 42.1 percent of men aged 55 to 59 years worked in career jobs at the survey date, as compared with 33.5 percent of those aged 60 or 61 and 21.5 percent of those aged 62 to 64.[5]

Table 2
Survey Date Employment Status of Respondents, by Marital Status, Age, and Gender

	Survey Date Employment Status		
	Working in Career Job (%)	Working in Bridge Job (%)	Not Working (%)
All respondents	32.6	28.4	39.0
Marital status			
Married	31.4	28.2	40.4
Unmarried	36.3	28.0	35.7
Age (in years)			
Men:			
55-59	42.1	36.8	21.2
60-61	33.3	31.3	35.4
62-64	21.5	21.0	57.5
Women:			
50-54	41.6	26.7	31.7
55-59	33.9	24.1	42.1

Bridge jobs account for an increasing share of employment for both men and women at older ages. Among men aged 55 to 59, 46.6 percent worked in postcareer positions. This figure rises to 48.5 percent for 60- and 61-year-olds, and to 49.4 percent among those aged 62 to 64 years. Similarly, 39.1 percent of employed women aged 50 to 54 years worked in bridge positions, versus 41.6 percent of those aged 55 to 59 years.

Women were less likely than men to be working at the survey date. For example, women aged 55 to 59 years were almost twice as likely as corresponding males to be nonemployed (42.1 versus 21.2 percent). Nonetheless, more than a third of men aged 60 or 61 and almost three-fifths of those between the ages of 62 and 64 were out of work. The sharp decrease in work propensities at age 62 suggests the importance of voluntary responses to Social Security incentives. As will be shown in Section 7, this decrease is concentrated among disadvantaged groups, and this indicates the key role of labor market opportunities in determining the employment outcomes of mature adults.

4. CHARACTERISTICS OF BRIDGE JOBS

Following the end of formal education, most individuals pass through a number of jobs before settling down into career employment that lasts for a substantial portion of their working lives.[6] It is not clear, however, whether the job-stopping period more closely resembles the unstable work attachments of younger workers or the low turnover rates of prime-age employees. The distinction is likely to have policy implications. Intermittent job holding may imply that older persons prefer positions of fairly short duration, possibly on a part-time or part-year basis.[7] Conversely, more stable employment could indicate greater attachments to specific jobs, with the result that mature adults will be unwilling to accept positions that offer inadequate compensation, working conditions, or status.[8]

Table 3 provides information on the number of postcareer jobs held by persons currently working in these positions and by nonemployed individuals who have previously held bridge jobs. The average postcareer employee had worked in just over two bridge jobs by the survey date. This average, however, reveals two distinct patterns. Two-thirds worked for two or fewer postcareer employers and almost half for only one such firm. The bridge positions held by these persons are generally quite stable. The remaining one-third were employed by at least three companies after the end of their career job, and fully one-fifth by four or more firms. Thus, for a substantial minority of postcareer employees, unstable job attachments predominate.

Table 3
Number of Bridge Jobs Held by Respondents

Number of Bridge Jobs Held	Currently Working in Bridge Job (%)	Previously Worked in Bridge Job (%)
1	44.9	45.7
2	19.7	21.3
3	13.7	11.5
≥ 4	21.7	21.5
average no.	2.2	2.1

The frequency distribution is virtually identical for current and previous holders of bridge jobs. This suggests that the employment characteristics of persons currently in postcareer positions may generalize to the larger group of persons who have previously worked in or will subsequently hold bridge employment.

Career and bridge jobs are likely to differ along a number of dimensions. To illuminate these differences, Table 4 presents information on the class of employment, hours worked, and occupational attachments of persons working in career and bridge employment at the survey date. The Harris data confirms the indications of previous research that a substantial number of workers move into self-employment after departing career jobs. Only 14.1 percent of persons with career jobs are self-employed, as compared with 22.1 percent of postcareer workers. Bridge jobs pay hourly wages slightly more often (39.9 versus 38.3 percent) and are much less likely to offer salaries (36.4 versus 46.5 percent). This suggests that movements into self-employment may be most common for workers who previously received salaries.

Although holders of bridge jobs work part time (less than 35 hours per week) almost twice as frequently as their counterparts who remain in career employment (23.9 versus 13.5 percent), more than three-quarters continue to be employed full time. As shown below, the vast majority work full time by choice, not because part-time employment is unavailable. It is therefore inaccurate to equate bridge positions with marginal employment. This conclusion is consistent with the evidence in Table 3 indicating that many workers exhibit patterns of strong and stable labor force attachment, even after career jobs end.

The information under "Occupation" in Table 4 shows that the distribution of occupations is surprisingly similar across career and bridge jobs.[9] Postcareer employment is slightly more likely to be in professional, managerial, technical, or sales occupations and less likely to involve production work. The probability of working in clerical, service, agricultural, laborer, or transportation jobs is virtually identical.

These findings indicate the absence of any wholesale shift in occupations following the end of career employment. However, when interpreting these results, it is important to keep in mind that the distribution of career occupations was calculated for *all workers*, whereas only a subset of people worked in bridge positions at the time of the survey. For instance, clerical and service workers were relatively less likely to be employed at the survey date and so were infrequently included when calculating the distribution of bridge occupations. A full analysis of occupational mobility is reserved for Section 6.

Table 4
Characteristics of Career and Bridge Jobs

	Career Job Characteristics (%)	Bridge Job Characteristics (%)
Type of employment		
Salary	46.5	36.4
Hourly wage	38.3	39.9
Self-employed	14.1	22.1
Hours		
Full time	86.5	76.1
Part time	13.5	23.9
Occupation		
Professional/managerial	26.9	28.2
Technical/sales	12.5	15.1
Clerical/service	27.0	27.9
Agricultural	2.9	3.3
Production	18.3	13.5
Transport/laborer	11.4	11.4

Note: Career job occupation refers to the primary occupation held during the career job and may differ from the current occupation. Career occupations are calculated for all respondents (not just those employed in the career job at the time of the survey).

5. ARE BRIDGE JOBS DESIRABLE?

Next we investigate whether bridge and career jobs are considered desirable by the mature adults who hold them. The first step involves comparing preferred and actual hours of employment. As shown in Table 5, the majority of people with career and bridge jobs prefer to work more than 35 hours per week. Although we might expect that over two-thirds of career employees desire full-time employment, it is more surprising that 61 percent of those in bridge jobs also do so. This again belies the idea that postcareer employment is ideally composed of marginal jobs and weak attachments to the labor force.

The preferences of nonworkers are quite different. Five-ninths of those stating an inclination prefer part-time work, which suggests that a significant barrier to their employment may be the mismatch between full-time vacancies (recall that over three-quarters of bridge jobs are full-time jobs) and desires for part-time employment.

Although nonworkers may have difficulty finding positions that match their preferences, employed persons generally do work their desired number of hours. More than three-quarters of full-time employees prefer to work more than 35 hours per week, and almost 80 percent of those employed part time do so by choice rather than because full-time jobs are unavailable. These percentages vary only slightly across career and bridge jobs.

Table 5
Preferred Hours of Work

	Preferred Hours of Work if:		
	Working in Career Job (%)	Working in Bridge Job (%)	Not Working (%)
Prefer full-time job	66.8	61.2	44.1
Prefer part-time job	31.5	37.5	53.6
Currently work full time			
Prefer full time	75.3	75.3	
Prefer part time	24.7	24.7	
Currently work part time			
Prefer full time	22.7	21.0	
Prefer part time	77.3	79.0	

Further evidence of high levels of satisfaction for persons currently working in postcareer jobs is provided in Table 6. According to this table, 57.0 percent of respondents claim the bridge job is the most enjoyable position they have ever worked at, as compared with 39.9 percent who state that their career job was most enjoyable. This finding holds even though a slightly larger proportion of persons (46.7 versus 44.3 percent) earned most in the career position. Furthermore, 31.2 percent of respondents state that their bridge job is *both* the best paid and the most enjoyable, as compared with only 25.3 percent who claim the same for the career job.

The situation is very different for workers who have departed bridge jobs. These individuals typically earned more in bridge than in career employment (57.7 versus 39.2 percent), but they enjoyed the postcareer jobs less (39.3 versus 53.6 percent). This indicates that enjoyment, rather than pay, is the key factor determining the longevity of bridge jobs. It also suggests that persons departing or never employed in postcareer positions may remain out of work because they cannot find jobs they enjoy, rather than because the pay is inadequate.

The above discussion does not indicate whether nonemployed persons have difficulty finding satisfactory work because of inferior job options or because their expectations are unrealistic. These issues are the subject of the next two sections. Section 6 focuses on patterns of occupational mobility; Section 7 examines more broadly the role of labor market "advantage," work constraints, and outside sources of support in determining the employment attachments of mature adults.

Table 6
Pay and Enjoyment of Career and Bridge Jobs

	Workers Currently Working in Bridge Job (%)	Workers Previously Worked in Bridge Job (%)
Career job was:		
Best paid	46.7	39.2
Most enjoyable	39.9	53.6
Best paid and most enjoyable	25.3	28.1
Bridge job was:		
Best paid	44.3	57.7
Most enjoyable	57.0	39.3
Best paid and most enjoyable	31.2	29.0

6. OCCUPATIONAL MOBILITY

Many workers change occupations even before they leave their career jobs. When occupations are divided into 10 broad categories, it is seen that 13.2 percent of persons employed in career jobs (at the survey date) were working in a different occupation than the one they held during the majority of their employment tenure, and 19.6 had switched more finely defined occupations (97 categories).[10] Occupational mobility is even more common for workers who move from career to bridge employment: 41.7 percent and 52.6 percent, respectively, had switched broad and detailed occupations.[11]

Table 7 and Table 8 detail the patterns of this mobility. Information on individuals who were still working for the career employer at the time of the survey is provided in the first of these tables, and information on persons who were in postcareer jobs is provided in the second. In each table, column 1 shows the distribution of career occupations. Column 2 and column 3, respectively, display gross movements into or out of the specified occupations occurring by the survey date, whereas column 4 indicates the corresponding net change, which is calculated by subtracting column 3 from column 2. Finally, column 5 shows the net change as a percentage of career employment in the specified occupation; this is calculated by dividing column 4 by column 1.

Table 7
Differences Between Career and Current Occupations
Among Respondents Working for Career Employers at Survey Date

	Distribution of Career Occupations, %	Movements Into or out of Specified Occupation, %			
	(1)	Moves in (2)	Moves out (3)	Net Change (4)	Net Δ As % of (1) (5)
Occupation					
Professional/managerial	33.0	4.4	1.0	3.4	10.3
Technical/sales	12.9	1.8	1.6	0.2	1.6
Clerical/service	23.1	3.6	4.0	-0.4	-1.7
Agricultural	4.4	0.0	1.2	-1.2	-27.3
Production	14.7	1.2	1.5	-0.3	-2.0
Transport/laborer	11.4	1.5	3.0	-1.5	-13.1

These relationships can be clarified with an example. Consider managerial and professional employment among persons with career jobs, as detailed in the first row of Table 7. The main occupation of 33.0 percent of persons with career jobs was professional or managerial in nature. After leaving career occupations (while staying with the same employer), 4.4 percent of the group moved into professional or managerial occupations, and 1.0 percent switched out of professional or managerial positions to work in other occupations. The difference between these two percentages implies that there was a net movement of 3.4 percent of persons with career jobs into professional and managerial jobs. This is equal to 10.3 percent (3.4/33.0 x 100% = 10.3%) of original employment in the occupation.

The clear and surprising result depicted in Table 7 and Table 8 is that occupational change, occurring late in life, is dominated by upward rather than downward mobility. As already mentioned, the percentage of persons with career jobs working in professional or managerial occupations increases. There is also a small rise in technical or sales employment. Conversely, workers move out of clerical, service, and production jobs, and particularly away from agricultural, transportation, or laborer occupations. For instance, agricultural employment falls by more than one-quarter, and transport or laborer positions by more than one-eighth (see Table 7).

Table 8
Differences Between Career and Current Occupations
Among Respondents Working for Bridge Employers at Survey Date

	Distribution of Career Occupations, %	Movements Into or out of Specified Occupation, %			
	(1)	Moves in (2)	Moves out (3)	Net Change (4)	Net Δ As % of (1) (5)
Occupation					
Professional/managerial	27.6	7.3	6.4	0.9	3.3
Technical/sales	12.5	8.0	5.4	2.6	20.8
Clerical/service	26.6	11.2	10.1	-1.1	-4.1
Agricultural	3.3	2.3	2.3	0.0	0.0
Production	18.8	3.5	8.9	-5.4	-28.7
Transport/laborer	10.1	6.0	4.8	-1.2	-11.9

Occupational change occurs with still greater frequency when workers move from career to bridge employment. Nonetheless, upward mobility continues to be most common. The net changes reveal modest growth in professional and managerial jobs, larger movements into technical and sales occupations, and employment declines in the other four broad occupational categories. In contrast to people with career jobs, persons with bridge jobs exhibit the largest net decrease in production occupations, where total employment falls by almost 30 percent. The avenues of occupational change therefore differ considerably within and outside career jobs.

The substantial gross movements both into and out of clerical and service positions are also noteworthy: 3.6 percent of persons with career jobs move out of these occupations and 4.0 percent enter them; corresponding proportions for persons moving from career to bridge employers are 11.2 and 10.1 percent. Because the movements in and out are of approximately equal size, however, the net changes in clerical and service employment are fairly modest.

Finally, it is important to realize that the predominantly upward mobility observed in persons working at the survey date need not imply that all workers have attractive employment options late in life. To the contrary, individuals working in career occupations that offer low pay and status are much more likely to depart the labor force at relatively young ages. For instance, the percentage of workers whose career occupations were professional, managerial, technical, or sales in nature was 45.9 percent for current holders of career jobs, 40.1 percent for those employed in bridge jobs, but only 32.6 percent among individuals not working at the survey date. Conversely, 43.7 percent of the latter group worked in clerical, service, transportation, or laborer career occupations, as compared with 36.7 percent of bridge employees and 34.5 percent of persons with career jobs.

7. THE NATURE OF JOB STOPPING

Most individuals leave career jobs well before normal retirement ages. Previous research provides limited information on whether these departures are voluntary or involuntary and to what extent even voluntary terminations occur as the result of health limitations, incentives implicit in private or public pensions, or adverse family circumstances.[12] Unfortunately, the Harris survey does not directly ask why career positions end. Some indirect information can be obtained, however, using the questions that were included on health, pension and family status, and incomes. The effects of these factors may also differ dramatically, depending on the range of labor

respondents were also questioned as to whether they had difficulty in performing the following activities: 1) walking a mile, 2) doing their own shopping, 3) reading the phone book, 4) using a calculator, 5) driving to and from work, and 6) polishing a car. If respondents stated they could complete an activity with some difficulty (as opposed to with no difficulty), they scored one-half point in the activity. A full point was added for activities that individuals said they could not do at all.

Total points for the 12 questions on health and activity limitations were summed to provide a measure of overall health status. The minimum score (zero points) indicates the best health; the maximum score (12 points) represents the worst health. Categorical classifications of good, average, and poor health were assigned for scores of 0, 0.5 to 2, and more than 2 points respectively. With the use of these criteria, it was found that 25.6, 51.0, and 23.3 percent of the cohort were in poor, average, and good health respectively.

Individuals with health problems depart career jobs at younger ages and are less likely than their healthier counterparts to obtain bridge positions. Of the nonemployed in the survey, 37.9 percent were in poor health, compared to 16.9 percent of those working in bridge positions, and 14.0 percent of those with career jobs (see Table 10). Corresponding percentages for individuals in good health were 19.0, 26.9, and 31.2 percent respectively.[14] Health is therefore an important determinant both of the timing and pattern of job stopping. Healthy workers stay in career jobs until later ages, and if they do leave them, they take bridge positions more often than retiring.[15]

The need for health insurance may motivate some individuals to remain in the labor force after leaving career jobs. Nonetheless, most persons take postcareer employment for other reasons. As shown in Table 11, almost half of workers with bridge jobs (47.6 percent) did not even receive health benefits from the current employer and fewer than one-third (31.3 percent) relied exclusively for coverage on the firm they worked for at the survey date. Since insurance from previous employers often terminates when new jobs are obtained, the latter figure is likely to overstate the proportion of individuals who accept bridge jobs in order to receive health benefits. Insurance was also self-purchased by this group almost as frequently as by persons who were not working (29.4 versus 31.5 percent). On the other hand, persons who did not have jobs were more likely to report being completely uninsured (14.5 versus 10.9 percent).

Persons who remain in career employment have the most adequate health insurance coverage. This is seen by noting that persons with career jobs are most likely to have health insurance of some type, least often self-purchase coverage, and depend

Table 10
Respondents' Survey Date Employment Status, by Health and Activity Limitation Status

	Health Status if:		
	Working in Career Job (%)	Working in Bridge Job (%)	Not Working (%)
Poor health	14.0	16.9	37.9
Average health	54.8	56.2	43.1
Good health	31.2	26.9	19.0

Note: Health status is derived from a set of questions on activity limitations (e.g., difficulty walking a mile or reading the phone book) and previous health problems (e.g., lung disease or heart trouble).

Table 11
Respondents' Sources of Health Insurance

	Sources of Health Insurance if:		
	Working in Career Job (%)	Working in Bridge Job (%)	Not Working (%)
None	5.5	10.9	14.5
Current employer	75.6	52.4	
Previous employer	3.8	18.6	35.7
Self-purchased	29.0	29.4	31.5
Medicare	3.0	3.2	11.8
Other	14.6	17.6	20.7
Current employer only	48.7	31.3	

Note: Many respondents have multiple sources of health insurance.

on Medicare less often than the other two groups. More than three-quarters of this group's members are covered by the career employer, and almost half obtain their only health insurance from this source.

Next we examine how the job-stopping process is influenced by respondents having: 1) an employed spouse, 2) pension coverage or benefits, and 3) high household incomes. One plausible hypothesis is that financially needy individuals maintain the strongest attachments to the work world. If this were the case, nonemployed persons would most frequently have working spouses, qualify for pensions, and have relatively high household incomes. Workers with career jobs would have the least outside support, according to the three criteria, and bridge workers would represent a middle ground.

There is, however, considerable reason to doubt this scenario. Many researchers, such as Burkhauser (1980) or Burtless and Moffitt (1984), have found that increased earnings or greater wealth delay, rather than speed, retirements. In addition, we have seen that members of advantaged labor market groups maintain attachments to career and bridge jobs until later ages than their disadvantaged counterparts. This suggests that employment opportunity, rather than financial need, is the key determinant of ending ages of career employment and propensities for working in bridge jobs.

Table 12 provides further evidence that job-stopping behavior increases rather than reduces preexisting labor market disparities. While 50.1 percent of the persons who were working at the survey date had an employed spouse, only 43.1 percent of the nonemployed did. Lack of employment also translates into lower household incomes. Whereas 25.9 percent of nonworker households received less than $15,000 per year and 62.7 percent under $35,000, the corresponding percentages for workers with career jobs were 9.1 and 43.8 percent, respectively, and for those in postcareer positions they were 14.1 and 49.9 percent.

Over one-third (34.2 percent) of nonemployed individuals received pension benefits. Although this figure is considerably higher than the 18.8 percent for workers with bridge jobs and 2.7 percent for career employees, the disparity does not indicate that the former group possess greater pension wealth. Most employers only begin paying benefits after workers leave the firm. It is therefore unlikely that individuals still working in career positions would receive *current* benefits, even if their eventual pension income will be substantial. To a lesser degree, the same restriction limits the receipt of benefits by persons employed in bridge jobs.

To the extent that pension plan coverage in current employment indicates subsequent pension payments, persons working in career jobs have by far the highest probability of ultimately receiving pension accruals, while the nonemployed are least

Table 12
Household Income, Pension, and Spouse's Employment Status for Respondents

Characteristic	Probability of Selected Characteristic if: Working in Career Job (%)	Working in Bridge Job (%)	Not Working (%)
Spouse working	50.1	49.3	43.1
Pension			
Receives benefits	2.7	18.8	34.2
Covered by pension plan in Current Job	74.0	48.5	
1988 household income (in thousands of dollars)			
<15	9.1	14.1	25.9
15-35	34.7	35.8	36.8
35-50	24.2	22.7	15.2
>50	27.4	22.9	14.0
Not reported	4.6	4.6	8.1

likely to do so. Almost three-quarters (74.0 percent) of respondents' career jobs lasting through the survey date offered pension coverage, which is more than double the proportion of benefits received by nonworkers. Approximately half (48.5 percent) of bridge employees were covered, and this figure can be added to the one-fifth of these persons who were already receiving benefits from a previous job.

8. POLICY IMPLICATIONS

Retirement often occurs gradually and includes a substantial period of postcareer employment. These bridge positions are neither marginal nor undesirable. Instead, most holders of bridge jobs work full time, by choice, and report high levels of job enjoyment. Occupational mobility occurring late in life typically involves upward movements, although the pattern of changes is quite different when it takes place within, rather than outside, the career job.

The principal policy concern identified in this paper relates to the limited ability of many workers to either retain career jobs or to find acceptable postcareer employment. Women, nonwhites, high school dropouts, and workers in poorly

compensated occupations leave their career jobs at relatively young ages. After doing so, they rarely obtain and remain in bridge jobs. At the same time, these individuals have the least adequate pension coverage and rarely reside in high-income households or have working spouses. Health problems also lead to early departures from the labor force.

Efforts to increase the employment opportunities of older Americans must therefore be carefully structured in order to provide special assistance to those individuals with the greatest need. Untargeted efforts are likely to benefit primarily persons with relatively favorable employment options. For instance, elimination of the Social Security earnings test would mainly aid persons who are already working.

Given our present level of ignorance, we should be cautious about advocating specific policies designed to target disadvantaged group members. For example, we need to understand better when older individuals are prevented from working because they have unrealistic employment expectations and to what degree structural impediments in the labor market, which could be alleviated through the proper use of policy, are of key importance.

This lack of knowledge highlights the need for further research on the job-stopping process. Nonetheless, several principles for designing policies can be enumerated. First, efforts should be directed at targeting disadvantaged population groups rather than at providing general incentives. Second, labor market interventions should begin early. As this paper and related research makes clear, the job-stopping process begins well before normal retirement ages, often prior to age 55. Third, the policies must recognize that in the case of many workers, retirement is voluntary, and that efforts to increase the work propensities of these individuals may make them worse off. At the same time, the distinction between private and social benefits should be recognized. Many individuals currently respond to pension incentives that encourage early departures from career jobs. These decisions may be privately optimal, given the structure of the plans, but they impose social costs that are borne by neither the worker nor the firm. Similarly, employers are unlikely to consider the social benefits of designing policies that provide jobs for older workers, particularly those who are most disadvantaged during their prime working years.

The labor market activities of mature adults are extremely diverse. Some individuals work for a single firm their entire life, depart the company in their middle sixties, and never work again. More frequently, workers pass through a number of jobs and retire gradually. These transitions involve complex interactions between personal preferences, household constraints, and labor market opportunities. The challenge is to construct policies that better reflect and respond to this diversity.

ENDNOTES

1. See Gustman & Steinmeier (1984) and Honig & Hanoch (1985). Also see Parnes & Less (1985) or Iams (1987) for study of the employment behavior and attitudes of workers after age 62.
2. See Ruhm (1990, 1991) or Quinn and Burkhauser (1990) for analysis of postcareer employment patterns.
3. Since the Harris survey is person-based, answers to the first two questions are harder to obtain than they would have been had a job-based survey been constructed.
4. For more information on the survey procedures, see Louis Harris and Associates (1989).
5. The standard error of the difference between groups generally means ranges between 2 and 4 percent, depending on the size of the groups and proportions in the specified category. This implies that differences of 4 to 8 percentage points are statistically significant at the 5-percent level.
6. For discussions of the transition into career employment, see Feldstein (1973), Osterman (1980), or Topel and Ward (1988). Investigations of prime-age employment patterns include Akerlof and Main (1981) and Hall (1982).
7. For a discussion of trends in part-year employment, see Ruhm and Sum (1989).
8. See Christensen (1990) for evidence on the unwillingness of older workers to take undesirable jobs. This does not imply that older workers will never "step down" to less responsible positions. A major finding of the ICF/Commonwealth "Americans over 55 at Work Program" is that a substantial fraction of nonemployed older persons are willing to work in positions that are inferior to their career jobs, provided that the employment meets specified criteria.
9. The career occupation refers to the main occupation held by the individual while working for the career employer; it may differ from the occupation held at the survey date.
10. The 10 categories are professional/ managerial, technical, sales, administrative/ clerical, service, farming/fishing/forestry, precision production/craft/repair, machine operators/assemblers/inspectors, transportation/material moving, and handlers/equipment cleaners/laborers.
11. These findings accord closely with Ruhm's (1990) evidence, which, using data from the 1970s, showed that 39 percent of individuals change broad occupations when switching from career to bridge employment.
12. See Ruhm (1991) for an earlier attempt to address these issues.
13. Bound (1989) provides the best discussion of alternative health measures. Research that uses health variables *other* than current self-classified status includes Parsons (1980), Bazzoli (1985), or Butler et al. (1987), among others.
14. The pattern of results is robust to changes in the classification criteria for the health variable. For instance, if individuals with scores higher than 1.0 had been classified as being in poor health (and those with scores between 0.5 and 1.0 in average health), it would have been found that 56.8 percent of the nonemployed were in poor health, versus 38.1 percent of those with career jobs and 39.9 percent of workers in bridge jobs.
15. These results partially confound the effects of health and age, since older workers are both less likely to work and more often have health problems. Empirically, the upward bias is fairly small, however, since health problems increase only slightly over the age range studied. For instance, the percentages of people aged 50 to 54, 55 to 59, 60 to 61, and 62 to 64 who were in poor health were 20.8, 23.6, 25.0, and 25.9 percent respectively. Good health was experienced by 26.8, 26.0, 24.5, and 22.7 percent of these four age groups respectively. Thus health is much more strongly related to employment status than to age.

REFERENCES

Akerlof, George, and Brian Main. 1981. "An Experience-Weighted Measure of Employment and Unemployment Durations." *American Economic Review* 61, pp. 1003-11.

Bazzoli, G. 1985. "The Early Retirement Decision: New Empirical Evidence on the Influence of Health." *Journal of Human Resources* 20, pp. 214-34.

Bound, John. 1989. "Self-Reported and Objective Measures of Health in Retirement Models." Working Paper No. 2997, National Bureau of Economic Research, Cambridge, MA.

Burkhauser, Richard. 1980. "The Early Acceptance of Social Security: An Asset Maximization Approach." *Industrial and Labor Relations Review* 33, pp. 484-92.

Burtless, Gary, and Robert Moffitt. 1984. "The Effects of Social Security Benefits on the Labor Supply of the Aged." In Henry Aaron and Gary Burtless (eds.), *Retirement and Economic Behavior*, Washington D.C.: Brookings Institution.

Butler, J.S., Richard Burkhauser, Jean Mitchell, and T. Pincus. 1987. "Measurement Error in Self-Reported Health Variables." *Review of Economics and Statistics* 69, pp. 644-50.

Christensen, Kathleen. 1990. "Bridges Over Troubled Waters: How Older Workers View the Labor Market." In Peter Doeringer (ed.), *Bridges to Retirement: The Changing Labor Market for Older Workers*, Ithaca, NY: ILR Press (Cornell University), 1990.

Feldstein, Martin. 1973. "The Economics of the New Unemployment." *The Public Interest* 33, pp. 3-42.

Gustman, Alan, and Thomas Steinmeier. 1984. "Partial Retirement and the Analysis of Retirement Behavior." *Industrial and Labor Relations Review* 37, pp. 403-15.

Hall, Robert. 1982. "The Importance of Lifetime Jobs in the U.S. Economy." *American Economic Review* 72, pp. 716-24.

Honig, Marjorie, and Giora Hanoch. 1985. "Partial Retirement as a Separate Mode of Retirement Behavior." *Journal of Human Resources* 20, pp. 21-46.

Iams, Howard. 1987. "Jobs of Persons Working After Receiving Retired-Worker Benefits." *Social Security Bulletin* 50, pp. 4-18.

Louis Harris and Associates, Inc. 1989. *Older Americans: Ready and Able to Work.* Study No. 884030 (Robert Leitman, project director), New York.

Osterman, Paul. 1980. *Getting Started: The Youth Labor Market.* Cambridge: MIT.

Parnes, Herbert, and Lawrence Less. 1985. "Economic Well-being in Retirement." In Herbert Parnes et al. (eds.), *Retirement Among American Men.* Lexington, MA: Lexington Books, pp. 91-118.

Parsons, Donald. 1980. "The Decline in Male Labor Force Participation." *Journal of Political Economy* 88, pp. 117-34.

Quinn, Joseph, and Richard Burkhauser. 1990. "Work and Retirement." In R. Binstock and L. George (eds.), 3rd ed., *Handbook of Aging and the Social Sciences*, San Diego Academic Press, 1990, pp. 307-327.

Ruhm, Christopher. 1990. "Bridge Jobs and Partial Retirement." *Journal of Labor Economics*, Vol. 8, No. 4 (October), pp. 482-501.

Ruhm, Christopher. 1991. "Career Employment and Job Stopping." *Industrial Relations*, Vol. 30, No. 2 (Spring), pp. 193-208.

Ruhm, Christopher, and Andrew Sum. 1989. "Job Stopping: The Changing Employment Patterns of Older Workers." *Proceedings of the Forty-First Annual Industrial Relations Research Association Meetings*, pp. 21-28.

Topel, Robert, and Michael Ward. 1988. "Job Mobility and the Careers of Young Men." Working Paper No. 2649, National Bureau of Economic Research, Cambridge, MA.

A Background Paper
Prepared for
THE COMMONWEALTH FUND
Americans over 55
at Work Program

THE COMMONWEALTH FUND

The Commonwealth Fund is a philanthropic foundation established in 1918 by Anna M. Harkness with the broad charge to enhance the common good. To carry out this mandate, since the 1980s the Fund has looked for opportunities to improve Americans' health and well-being and to assist specific groups of Americans who have serious and neglected problems. Its major programs focus on health, education, and workforce issues. Since 1925, the Fund has also awarded Harkness Fellowships to enable young citizens of the United Kingdom, Australia, and New Zealand to study and travel in the United States.

Americans over 55 at Work Program

The Americans over 55 at Work program, begun in 1988, is based on the premise that people over 55 are an under-utilized resource with tremendous productive potential. The program aims to increase employment opportunities for older workers and motivate employers to find new ways to attract, retrain, and retain seniors. Viewing older Americans as resources rather than retirees, the program also helps educational institutions get into the business of providing continuing education and training to older learners and is seeking to expand opportunties for voluntary work by older adults.

RETIREMENT PREFERENCES AND PLANS OF OLDER AMERICAN WORKERS

by

Joseph F. Quinn
Department of Economics
Boston College

Richard V. Burkhauser
Department of Economics
Syracuse University

October 1990

The Commonwealth Fund
Americans over 55 at Work Program

Background Paper Series: No. 4

A final report prepared under contract with ICF Incorporated from a grant by The Commonwealth Fund and based on a 1989 Louis Harris & Associates survey commissioned by the Fund. In all cases, the views expressed are those of the authors and do not necessarily reflect those of The Commonwealth Fund.

TABLE OF CONTENTS

1. INTRODUCTION AND OVERVIEW 3

2. DATA SET AND SAMPLE 4

3. RETIREMENT PREFERENCES AND PLANS 5

4. WORK-EXTENSION POSSIBILITIES 10

5. CORRELATES OF RETIREMENT PREFERENCES AND PLANS . . 13

a. REASONS FOR WORKING 13

b. PENSIONS 16

c. HEALTH AND HEALTH INSURANCE COVERAGE 17

6. CONCLUSIONS 18

7. ENDNOTES 21

1. INTRODUCTION AND OVERVIEW

Over the past 40 years, the labor force participation rates of older Americans have dropped dramatically. Recently, the rates have stabilized and some have even risen a bit, but they are still a small fraction of what they were several decades ago. At the same time, demographic projections indicate that the population will continue to age. By the year 2030, about 40 years from now, close to 20 percent of all Americans will be aged 65 and over, compared to only 12 percent today. The nation then will look like Florida today.

Some economists forecast labor shortages on the horizon, as a result of the decreasing number of younger Americans and the decreasing participation of older ones. As the structure of the economy continues to change, shifts in the distribution of labor market skills will also be required. How will the economy and the labor market respond to aggregate and sectoral demands?

There are many possibilities. We can train marginal workers and retrain those in declining occupations. We can encourage immigration and substitute capital for labor. We can induce those who have left the labor force to return and encourage those contemplating departure not to leave—to work longer than they had planned.

The Commonwealth Fund has a major project under way that focuses on elderly people as a potential source of labor now and in the future. Are there retired workers who are willing and able to work, but currently are not doing so? Are there older employed workers whose current retirement plans could be changed under alternative scenarios?

An earlier Commonwealth Fund report studied the first of these questions and found that between 1.1 and 1.9 million retired Americans, aged 50 to 64, were willing and able to work.[1] This study takes the second question and analyzes the plans and preferences of older workers who are still employed.

The findings in this study are similar to those in the earlier report. A substantial minority of older American employees want to continue working and are willing, given the right inducement, to alter their current retirement plans. About 1.1 million expect to retire earlier than they really would like to, and of these, two-thirds (over 700,000) would extend their working careers under different program options. When the entire population is considered (not just those who expect to retire earlier than they would like), approximately 5.3 million older Americans say they would work longer than they currently plan to under terms and conditions of employment that differ from those they now face.

2. DATA SET AND SAMPLE

In the spring of 1989, under the auspices of The Commonwealth Fund, Louis Harris and Associates conducted telephone interviews with over 3,500 older Americans. Approximately half of the sample was made up of women aged 50 to 59; the other half of men aged 55 to 64. About 2,000 of these people were still working, and the other 1,500 were out of the labor force. This paper is based on interviews with the *employed* respondents.[2]

The employed sample includes 1,030 men and 969 women (see Table 1). We have concentrated on the 80 percent who are *wage and salary* employees—760 men and

Table 1

Derivation of Sample

	Men	Women	Total
Total	1,030	969	1,999
Wage and salary	760	844	1,604
With good data on:			
Age would like to stop working	691	784	1,475
Age probably will stop working	709	770	1,479
Both ages	669	738	1,407
Percentage of total W&S sample	88%	87%	88%
Age: 50-52	--	35%	
53-54	--	19%	
55-57	34%	28%	
58-59	23%	19%	
60-61	21%	--	
62-64	22%	--	

Source: Commonwealth/Harris Survey, 1989. Note that men aged 50 to 54 and women aged 60 to 64 were not included in the original Harris sample.

844 women—since the self-employed people face fewer institutional constraints on their labor supply and have much greater control over their hours and conditions of work. Because of the focus of this study, only those respondents who answered the questions about *when they would like to stop working* and *when they expect to stop*

working are included. Fortunately, 92 percent of the sample answered each of these questions, and 88 percent answered both. The findings below are based on this subsample of 669 men and 738 women (see Table 1).

The individuals in the Harris sample are each assigned weights that are based on their age, race, sex, and working status, so that their demographics reflect those of the entire population. The percentages reported in this paper incorporate these weights and therefore are estimates of the population characteristics.

3. RETIREMENT PREFERENCES AND PLANS

All the workers in the sample were asked the age at which they would *like to stop working* (their preferences) and the age at which they *thought they would stop working* (their plans). A comparison of the two answers shows that, on average, these older workers would like to stop working *earlier* than they plan to. Twenty-four percent of the men (see Table 2) claimed that they would like to stop working before

Table 2

Retirement Preferences and Plans
Wage and Salary Men Aged 55-64
(Vertical Percentage)

Age	Percent Who Would Like to Stop Working	Percent Who Will Probably Stop Working
50-55	2	1
56-59	9 24	4 15
60-61	13	10
62-64	35 58	37 65
65	23	29
66-69	2 18[a]	3 20
70+	15	17

Source: Commonwealth/Harris Survey, 1989.
[a]Because of rounding, does not equal the sum of the components.

age 62, while only 15 percent thought they would do so. The analogous figures for the women (see Table 3) were 48 and 33 percent respectively. Slightly more of the men thought they would end up working until ages 62 to 65 (65 percent) than wanted to (58 percent). Similarly, well over half of the women (57 percent) thought they would work until ages 62 to 65, whereas only 42 percent wanted to.

Table 3

Retirement Preferences and Plans
Wage and Salary Men Aged 50-59
(Vertical Percentage)

Age	Would Like to Stop Working		Will Probably Stop Working	
50-55	2		8	
56-59	9	48[a]	8	33
60-61	13		17	
62-64	23	42	27	57
65	19		29	
66-69	1	11	1	11
70-98	10		10	

Source: Commonwealth/Harris Survey, 1989.
[a]Because of rounding, does not equal the sum of the components.

The proportions of these men and women who said that they would like to continue working past age 65 was about the same as those who planned to do so: about 1 in every 5 men and 1 in every 10 women. Some of the workers claimed that they would like to or planned to stop working at age 99. Since 99 was the highest age that could be selected in the questionnaire, we have interpreted this response to mean "as long as I am able."

The percentage of women preferring early retirement (prior to age 62) is higher than that for men, partly because the women in the sample are, on average, five years younger. Therefore more of the women planning to retire early are still employed, and hence in this working sample. More of the men planning early retirement have already done so, are no longer employed, and are therefore excluded from this working sample. When we compare the preferences and plans of the men and women aged 55 to 59, the ages for which we have both, we see that they are

almost identical (see Table 4). About a third would like to stop work before age 62, but less than a quarter think that they will.

Table 4

Retirement Preferences and Plans
Wage and Salary Men and Women Aged 50-59 Only
(Vertical Percentage)

Age	Would Like to Stop Working	Will Probably Stop Working
Men: 50-61	34	22
62-65	54	63
66+	12	15
Women: 50-61	35	22
62-65	53	67
66+	11	11

Source: Commonwealth/Harris Survey, 1989.

But these tables conceal a lot. Even if the overall distributions of preferences and plans were identical, there could be many individuals who would like to retire before they plan to, offsetting equal numbers who would like to work longer than they think they will.

In Table 5, we compare the preferences and plans of each one of the respondents. Most of these older workers (65 percent of the men and 55 percent of the women)

Table 5

Expected Retirement Age Relative to Desired Retirement Age

	Men		Women		Total	
	No.	Percent	No.	Percent	No.	Percent
Earlier than desired	442,000	10	649,000	13	1,091,000	12
Same age	2,852,000	65	2,826,000	55	5,678,000	60
Later than desired	1,083,000	25	1,643,000	32	2,726,000	29
Total	4,377,000	100	5,118,000	100	9,495,000	100

Source: Commonwealth/Harris Survey, 1989.

expected to stop working when they would like to. Sizable minorities (about a quarter of the men and a third of the women) thought they would be working longer than they would prefer to. This finding is consistent with the data in the previous tables. But a significant minority (10 percent of the men and 13 percent of the women) expected to retire before they would really like to. This minority is a sizable pool of workers (about 440,000 men and 750,000 women, or 1.1 million people altogether) who claim they would like to work longer than they currently plan to.

By comparing the exact ages of people with certain preferences and plans, we can calculate exactly how many additional years these people would like to work (see Table 6). Some said they wanted to work 1 or 2 years, but over 40 percent claimed

Table 6

Number of Extra Years Those Who Expect to Retire Earlier Than Desired Would Like to Work (Vertical Percentage)

Years	Men	Women
1-2	11	20
3-5	43	41
6-10	3	6
11+	42[a]	33[a]

Source: Commonwealth/Harris Survey, 1989.
[a]Nearly all of these are people who said they would work as long as they could (i.e., until age 99).

that they would like to stay employed for another 3 to 5 years. A few said 6 to 10 years, and then another large group seems to want to work for more than another decade. Nearly all of the latter said, in essence, that they wanted to work forever, and they did so by citing age 99, the highest age permitted on the questionnaire. But even if these optimistic claims are viewed with some suspicion, there is ample evidence that the older workers who want to work longer than they plan to would like to do so for a significant number of years.

Many older workers expressed an interest in working part time (see Table 7). The majority were working their preferred number of hours. Eighty percent of the men

Table 7

Actual and Preferred Work Schedules
Wage and Salary Men and Women
(Horizontal Percentage)

	Prefer Full Time	Prefer Part Time	Don't Know	Vertical Percentage
Men				
Working FT	80	18	2	(93)
Working PT	33	67	0	(6)
Don't know	—	—	—	(1)
Total	77%	21%	2%	100%
Women				
Working FT	66	33	1	(80)
Working PT	17	82	1	(19)
Don't know	—	—	—	(1)
Total	56%	43%	1%	100%

Source: Commonwealth/Harris Survey, 1989.

working full time wanted to work full time, as did 66 percent of the women working full time. Similarly, the majority of the men and women working part time (67 and 82 percent respectively) preferred part-time employment. But since the population working full time is in the vast majority, there were many more full-timers wanting part-time work than the reverse. In total, 21 percent of these men would have liked to be working part time, and only 6 percent actually were. Over 40 percent of the women wanted part-time work, but less than 20 percent had it.

For these employed men, part-time preferences increased with age (see Table 8). While only 18 percent of the men aged 55 to 59 preferred part-time work, the percentage rose to 27 percent among those aged 60 to 64. The proportions of people actually working part time also rose with age, but were always lower than the proportions indicated by the preferences. There was no such age pattern among the

Table 8

Actual and Preferred Work Schedules, by Age of Worker

Age	Percent Who Work Part Time	Percent Who Would Like to Work Part Time
Men		
55-57	5	17
58-59	4	19
60-61	8	26
62-64	13	28
Women		
50-52	17	44
53-54	20	43
55-57	19	40
58-59	20	45

Source: Commonwealth/Harris Survey, 1989.

younger women: in each age category of women, fewer than half of those preferring part-time work actually had it.

4. WORK-EXTENSION POSSIBILITIES

These data suggest that a sizable minority of older workers would like to continue working longer than they currently plan to. But what exactly does this mean? Why do people plan to stop working before they want to? Mandatory retirement is no longer a factor for the vast majority of American workers, although firms may still be able to induce workers to step aside at a certain age.[3] Would these workers like to continue working under the terms they will actually face at the time they plan to leave? If so, why don't they continue? Or does this mean that they would like to continue, but under different conditions of employment?

Fortunately, the Harris survey asked several questions about worker preferences under alternative employment scenarios. All wage and salary workers were asked:

Whether they would work longer than they currently planned to if their employers' contributions to retirement benefits continued at the same level after age 65

Whether they would work longer if offered employment at somewhat lower pay, but with reduced hours and responsibilities

Table 9

Number of Wage and Salary Workers Aged 50 to 64 Who Would Extend Their Working Careers, by Program Option

	Men Aged 55-64		Women Aged 50-59		
	No.	Percent	No.	Percent	Total
Would work longer than now planned if employer pension contributions continued past age 65	1.15 million	26%	1.23 million	24%	2.38 million
Would work longer than now planned if offered fewer hours and responsibilities and somewhat lower pay	1.37 million	31%	1.56 million	30%	2.93 million
Would accept training for job with different responsibilities but same hours and pay	1.41 million	2%	2.13 million	42%	3.54 million
Answered yes to at least one of the three questions above	2.33 million	53%	2.94 million	57%	5.27 million

Source: Commonwealth/Harris Survey, 1989

Whether they would accept a job that required retraining, had different responsibilities and tasks, but the same hours and salary[4]

A large number of these workers answered yes to one or more of these questions (see Table 9). About a quarter of the men and women (representing about 2.4 million wage and salary workers) said that they would work longer if employer pension contributions continued past age 65. Nearly a third (2.9 million) said they would work longer if offered fewer hours and responsibilities and somewhat lower pay. And well over a third (3.5 million) said they would accept training for a job with different responsibilities but with the same hours and pay.

There was considerable overlap in these answers. Overall, just over half of these older workers (53 percent of the men and 57 percent of the women) answered yes to one or more of the three questions. This suggests that there are 5.3 million men (aged 55 to 64) and women (aged 50 to 59) who would be willing to extend their work careers under one or more of the circumstances mentioned above.

Table 10

Number of Wage and Salary Workers Aged 50 to 64 Who Are Planning to Stop Work Earlier Than Desired Who Would Extend Their Working Careers, by Program Option

	Men		Women		
	No.	Percent	No.	Percent	Total
Would work longer than now planned if employer pension contributions continued past age 65	208,000	47%	209,000	32%	417,000
Would work longer than now planned if offered fewer hours and responsibilities and somewhat lower pay	232,000	52%	205,000	32%	437,000
Would accept training for job with different responsibilities but same hours and pay	162,000	37%	273,000	42%	435,000
Answered yes to at least one of the three questions above	333,000	75%	405,000	62%	738,000

Source: Commonwealth/Harris Survey, 1989

About a quarter of these are people who are already planning to work beyond age 65—something that few people in fact do. The majority are workers currently planning to stop working at or before age 65.

When we concentrate only on the 12 percent of the sample who said they planned to stop working before they would really like to (see Table 5), it becomes clear that an even higher percentage express a willingness to work longer under these three scenarios (see Table 10). Overall, three-quarters of the men and nearly two-thirds of the women, representing over 700,000 older Americans in total, would like to work longer than they currently think they will, and would respond favorably to one or more of the three scenarios presented above. By contrast, only about half of those who planned to stop working when or after they would like to expressed interest in extending their work life.

5. CORRELATES OF RETIREMENT PREFERENCES AND PLANS

The Harris survey also asked a number of other questions that might shed some light on why individuals' plans and preferences differ. Pension incentives may be important. For example, Social Security (at age 65) and many defined benefit pension plans (at various ages) penalize workers who stay on the job too long.[5] The money lost by delaying benefit receipt is often not fully recouped by the benefit increments received later. Perhaps health is the issue: workers would like to keep working if they feel up to it, but will not do so if their health deteriorates. Or workers may want to work fewer hours than they do now, but, because of pension reasons, find it impossible or undesirable to do so on their current jobs.

a. REASONS FOR WORKING

Respondents were questioned about a long series of reasons for working—whether each reason was a major or a minor one for wanting to work, or not a reason at all, and which of the reasons was the most important. On the basis of the responses, we have aggregated the sample into two categories: those whose answers suggest that they *need* a job and those who appear to *want* a job. The first group includes all who said they needed the salary or the health insurance, or had large medical bills to pay. The other group includes those who emphasized their enjoyment of work, its challenge or its impact on their self-image, the usefulness of what they do, or the fear that they would be bored without work. Obviously, these motivations are not as clear-cut and dichotomous as they are made to appear here. People work for a complex variety of reasons, and this simple categorization is based only on what the respondents described as their single most important reason.

The majority of these workers (about 60 percent) implied that they needed the job, nearly always because they needed the money (see Table 11). But those who said they were working because they wanted to are still a sizable minority. They enjoy their work, find it challenging and useful, or feel younger because of it.

The proportion of men who work because they want to rises significantly with age, from 38 percent among those aged 55 to 59, to 42 percent of those aged 60 or 61, and the majority (52 percent) of those aged 62 to 64 (see Table 12). This finding is not surprising, given the importance of age 62, the earliest age of Social Security eligibility. For those who do not want to work and who retire when they can afford to, age 62 brings a new alternative source of income. None of the female respondents is 62 yet, and the age pattern among the women is different. When age

Table 11

Most Important Reason for Working
Wage and Salary Workers
(Vertical Percentage)

	Men, Aged 55-64	Women, Aged 50-59
Need a job	59	62
I need the money.	54	54
I need health insurance.	5	6
I have medical bills to pay.	[a]	1
Want a job	41	38
I enjoy my work.	11	13
I would be bored otherwise.	10	10
I want to do something useful.	8	7
My work is challenging.	6	6
Working makes me feel younger.	3	2
Other	2	1

Source: Commonwealth/Harris Survey, 1989.

[a]Fewer than 0.5%

Table 12

Most Important Reason for Working
Wage and Salary Workers, by Age and Sex
(Horizontal Percentage)

Age	Need a Job[a]	Want a Job[a]
Men		
55-57	62	38
58-59	62	38
60-61	58	42
62-64	48	52
Women		
50-52	57	43
53-54	58	42
55-57	64	36
58-59	67	33

Source: Commonwealth/Harris Survey, 1989.

[a]See Table 11 for categories.

is held constant, the proportion of women who want a job is slightly lower than it is for the men (see those aged 55 to 59), and it falls as these women age through their fifties.

The reason for working differs depending on whether or not the respondents think they will stop working when they want to (see Table 13). Those who think that they will stop working *earlier* than they would like to (the 1.1 million identified in Table 5) are the most likely to want, rather than need, a job, and this applies to 55 percent of the men and 62 percent of the women. Among those who plan to stop working *when* they would like to, the percentages of respondents wanting a job drop to around 45 percent. And among those who expect to continue working *later* than they would prefer to, only 28 percent of the men and 19 percent of the women currently want a job; the vast majority of these workers are working (and evidently will continue to do so) because they have to.

These findings are consistent with the ones described above about extending the work life. Workers who would like to work longer than they currently plan to would be willing to do so under different terms and conditions of employment. Given the

Table 13

Most Important Reason for Working, Wage and Salary Workers by Retirement Preferences and Plans (Horizontal Percentage)

	Need a Job[a]	Want a Job[a]
Men, aged 55-64		
Will probably stop working *earlier than desired*	45	55
Will probably stop working *when desired*	56	44
Will probably stop working *later than desired*	72	28
Total	59	41
Women, aged 50-59		
Will probably stop working *earlier than desired*	38	62
Will probably stop working *when desired*	54	46
Will probably stop working *later than desired*	81	19
Total	62	38

Source: Commonwealth/Harris Survey, 1989.

[a]See Table 11 for categories.

options they actually face, they plan to retire, because most of them do not need a job. But under alternative scenarios, many would be willing and able to stay on.

b. PENSIONS

Over three-quarters of the men and two-thirds of the women in this wage and salary sample have pension coverage on their current jobs. Not surprisingly, the coverage is correlated with the age at which they intend to stop working. As seen in Tables 14 and 15, workers who are covered on their current jobs are more likely than others to plan to retire early.[6] Among the men (aged 55 to 59 only; see Endnote 6), 24 percent of those covered plan to stop working before age 62, compared to only 14 percent of those without coverage. Among the women, 35 percent of those covered and 27 percent of those not covered plan to leave before age 62.[7] Similarly, those covered by a pension plan are much less likely to plan to work past the age of 65. Only 11 percent of the men and 9 percent of the women do, compared to 28 and 15 percent of the men and women without coverage on their current jobs.

Pensions have several effects on people's options. They provide an alternative source of income once one is eligible for benefits, thereby permitting individuals to stop working. But they can also alter the worker's compensation, depending on whether the (present discounted) value of the pension promise increases or decreases with continued work for the firm. If pension wealth declines with additional years on

Table 14

Age at Which Male Workers Aged 55 to 59 Expect to Stop Working, by Pension Coverage on Current Job (Vertical Percentage)

Age	Covered by Pension Plan	Not Covered by Pension Plan
50-59	7	6
60-61	17	8
	24	14
62-64	41	33
65	24	24
	65	57
66-69	1	1
70+	10	27
	11	28
Horizontal percentage	(78%)	(22%)

Source: Commonwealth/Harris Survey, 1989.

Table 15

Age at Which Female Workers Aged 50 to 59 Expect to Stop Working, by Pension Coverage on Current Job (Vertical Percentage)

Age	Covered by Pension Plan	Not Covered by Pension Plan
50-55	9	6
56-59	10 35	3 27
60-61	16	18
62-64	28 56[a]	27 58
65	29	31
66-69	1 9	1 15
70+	8	14
Horizontal percentage	(68%)	(32%)

Source: Commonwealth/Harris Survey, 1989.
[a]Because of rounding, does not equal the sum of the components.

the job, then the pension incentives discourage continued work and encourage one to leave that job. Both of these aspects—providing income and changing net compensation—can induce retirement.

The work-extension data are consistent with this view of pensions, although the survey questions do not go into detail about how present discounted values would change with additional work. About a quarter of these wage and salary workers (and nearly 40 percent of those who plan to retire earlier than they would really like) claimed that they would work longer if pension contributions continued past age 65 (see Tables 9 and 10). People seem to be cognizant of the pension incentives, and changes in these incentives would have some effect on older workers' behavior.

c. HEALTH AND HEALTH INSURANCE COVERAGE

Health is known to have an important impact on the retirement decision. Unfortunately, there is relatively little to be learned about the impact of health from this sample of employed older Americans, because nearly all of those with health conditions of any severity have left employment and hence are not included. Only about 10 percent of this sample describe their health as being either "poor" or "fair" (and nearly all of these are "fair"). The rest are evenly split between

describing their health as "good" and "excellent." Because of the lack of variety in the health conditions among this sample, there is very little correlation between health and the variables that might be of interest.

About half of these workers (57 percent of the men and 42 percent of the women) claim that they will have retiree health benefits after they stop working. Those with continued health coverage are more likely to plan to retire before age 65 (see Table 16). Fifty-seven percent of the men and 66 percent of the women with coverage retire, compared to only 44 and 55 percent respectively of those without coverage. Similarly, the people without coverage are the ones who are most likely to plan to work beyond age 66. People's behavior depends on the financial conditions they face.

6. CONCLUSIONS

The results of this study are consistent with those of the previous Commonwealth Fund report, which suggests that a significant minority of retired Americans (in this case, men aged 55 to 64 and women aged 50 to 59) are willing and able to work. The estimates of the size of this untapped pool of retired people range from 1.1 to 1.9 million, or between one-eighth and one-quarter of the relevant population. Most

Table 16

Age at Which Wage and Salary Workers Aged 50 to 64 Are Planning to Stop Work, by Health Coverage After Retirement (Vertical Percentage)

Age Planning to Stop Working	Health Coverage After Retirement	
	Yes	No
Men		
50-59	6	2
60-64	51	42
65	27	31
66+	16	25
Women		
50-59	22	12
60-64	44	43
65	27	32
66+	6	13

Source: Commonwealth/Harris Survey, 1989.

retired Americans cannot or do not want to work, but the minority who are willing and able to work is substantial and represents a significant underutilized labor market resource.

In this study, we looked at workers who are still employed, and compared when they would like to stop working with when they thought they actually would stop. About 60 percent thought they would do exactly as they wished, and another 29 percent feared that they would have to work longer than they would like. But a substantial minority—about one-eighth of the employed men aged 55 to 64 and of the employed women aged 50 to 59—expected to stop working before they really would like to. This is approximately 1.1 million people.

Most of these workers would like to work a significant number of additional years. Nearly 90 percent of the men and 80 percent of the women wanted to work three or more years longer than they thought they actually would, and over 40 percent wanted to work six or more years longer.

The majority of these workers (60 percent) needed a job for financial reasons. But the percentage of workers who simply want to work rises as people move into their sixties.

These workers are quite flexible. Over half of them said that they would work longer under different circumstances—for example, if they had improved retirement benefits, reduced hours or responsibilities, or retraining. This represents about 5.3 million people and includes many who currently plan to stop working when or even after they want to. The finding probably means that these workers' answers regarding preferences are based on the incentives they currently face, but that they might behave differently if the terms and conditions of employment were changed.

Many more older Americans prefer part-time work than have it. Over a fifth of the men in the sample would like to work fewer than 35 hours per week, but only 6 percent do. Over 40 percent of the women would like to work part time, but less than 20 percent do.

The evidence in the Commonwealth/Harris poll suggests that many older Americans do not want to keep working under the terms they face—terms that can change dramatically with age. But many would prefer to keep working under other conditions—if, for example, retirement income plans did not penalize additional work, or if employers offered more flexible hours or the opportunity to switch jobs within the firm.

As the previous Commonwealth Fund study stated, these untapped resources do not represent the majority of older Americans; they are a minority, but a significant one. If labor shortages do develop, as has been predicted by many experts, then we have

here a ready source of experienced employees who are able to work, and are willing to do so if the incentives are right.

Already enacted legislation is slowly changing the incentives embedded in our Social Security system and increasing the rewards for continued work. By the year 2010 Social Security will be nearly age-neutral—that is to say, the total value of one's Social Security benefits will not depend significantly on when one first claims them. Currently, people who put off receiving their benefits until they are past age 65 are financially penalized for doing so. The big unanswered question is how defined benefit employer pensions will respond. If they increase their retirement incentives (work disincentives) to compensate for the loss of Social Security incentives, then workers can be expected to continue leaving their career jobs as they now do. More people may collect their pensions and then continue working in postcareer jobs. But if employers anticipate tight labor markets, they may complement the Social Security changes with similar ones of their own, show more flexibility with respect to hours and working conditions, and capitalize on the untapped labor supply that we have identified.

7. ENDNOTES

1. See William McNaught and Michael C. Barth, *Older Americans: Ready and Able to Work*, ICF, Incorporated, 1990. The retired sample included men aged 55 to 64 and women aged 50 to 59. In order to be counted in the "ready and willing" population, the respondent had to be willing to work in an available job, be seeking work with reasonable wage expectations, be willing to accept work with difficult working conditions, be physically capable, and need a job for financial reasons.
2. The sample is representative of the civilian population of women aged 50 to 59 and men aged 55 to 64, excluding those in hospitals, nursing homes, prisons, or religious institutions.
3. Two-thirds of the men and over half of the women interviewed said that the "usual retirement age" for people who hold their jobs was between 62 and 65. This may suggest financial incentives or more subtle pressures that discourage people from working beyond these ages.
4. Part-time male workers aged 62 and older were also asked if they would work more hours if they could keep all their Social Security benefits. There were only 22 such men, so there is little to be learned here.
5. See Joseph F. Quinn, Richard V. Burkhauser, and Daniel A. Myers, *Passing the Torch: The Influence of Economic Incentives on Work and Retirement*. Kalamazoo, MI: The W. E. Upjohn Institute for Employment Research, 1990.
6. These two tables include only respondents under age 60 (which means all of the women but only the younger men), because 60 is a very popular eligibility age for employer pensions. Therefore many of the workers aged 60 and older who were covered by pension may have already retired, and hence are excluded from this working sample. This bias would make the pension effect seem smaller than it really is, since this sample of employed people includes only the workers eligible for benefits who chose not to take them. The same bias holds for those who are eligible before age 60, but since this is a much rarer situation, the problem is much less severe.
7. Among women aged 55 to 59 only, 25 percent of those with pension coverage planned to retire before age 62, compared to 15 percent of those without coverage. These percentages are almost identical to those for men aged 55 to 59 (24 and 14 percent), indicating again that much of the difference in retirement plans and preferences between the men and women in this sample is due to the five-year difference in age.

THE COMMONWEALTH FUND
One East Seventy-Fifth Street
New York, N.Y. 10021-2692
(212) 535-0400

THE COMMONWEALTH FUND

The Commonwealth Fund is a philanthropic foundation established in 1918 by Anna M. Harkness with the broad charge to enhance the common good. To carry out this mandate, since the 1980s the Fund has looked for opportunities to improve Americans' health and well-being and to assist specific groups of Americans who have serious and neglected problems. Its major programs focus on health, education, and workforce issues. Since 1925, the Fund has also awarded Harkness Fellowships to enable young citizens of the United Kingdom, Australia, and New Zealand to study and travel in the United States.

Americans over 55 at Work Program

The Americans over 55 at Work program, begun in 1988, is based on the premise that people over 55 are an under-utilized resource with tremendous productive potential. The program aims to increase employment opportunities for older workers and motivate employers to find new ways to attract, retrain, and retain seniors. Viewing older Americans as resources rather than retirees, the program also helps educational institutions get into the business of providing continuing education and training to older learners and is seeking to expand opportunties for voluntary work by older adults.

LIFE SATISFACTION AND OLDER ADULTS

by

Karen Davis
Professor and Chairman
Department of Health Policy and Management
Johns Hopkins School of Public Health

September 1991

The Commonwealth Fund
Americans over 55 at Work Program

Background Paper Series: No. 6

A final report prepared under contract to ICF Incorporated, from a grant by The Commonwealth Fund and based on a 1989 Louis Harris & Associates survey commissioned by the Fund. The author wishes to thank John Hanfelt for programming assistance, Jennifer Harlow for research assistance, and Michael Barth and William McNaught of ICF Incorporated, for helpful suggestions. In all cases, the views expressed are those of the author and do not necessarily reflect those of the Fund.

TABLE OF CONTENTS

EXECUTIVE HIGHLIGHTS v

I. *Data* 1

II. *Life Satisfaction of Older Adults* 2

A. *Cross Tabulations* 2

B. *Univariate and Multiple Logistic Regression Analyses* 4

III. *Life Satisfaction of Older Men* 5

IV. *Life Satisfaction of Older Women* 7

V. *Preferences Regarding Work and Retirement* 7

VI. *Conclusions* 9

REFERENCES 11

TABLES

1. Life satisfaction among the population aged 50-64, by selected characteristics, 1989 13
2. Life satisfaction among the population aged 50-64, 1989: Multiple logistic regression analysis 15
3. Life satisfaction among men aged 55-64 and women aged 50-59, 1989: Multiple logistic regression analysis 16
4. Life satisfaction and preferences regarding work and retirement, 1989: Multiple logistic regression analysis 18

FIGURES

1. Life satisfaction among the population aged 50-64, 1989 21
2. Percent of the population aged 50-64 not at all satisfied with life, by employment status, 1989 22
3. Percent of the population aged 50-64 very satisfied with life, by employment status, 1989 23
4. Percent of population aged 50-64 very satisfied with life, by age, 1989 24
5. Life satisfaction among population aged 50-64, by sex, 1989 . . 25
6. Percent of population aged 50-64 very satisfied with life, by race, 1989 26
7. Life satisfaction among the population aged 50-64, by marital status, 1989 27
8. Percent of population aged 50-64 very satisfied with life, by annual family income, 1989 28
9. Percent of population aged 50-64 very satisfied with life, by education, 1989 29
10. Life satisfaction among population aged 50-64, by health status, 1989 30

EXECUTIVE HIGHLIGHTS

LIFE SATISFACTION

- Extent of life satisfaction:
  - —Sixty percent of older people are very satisfied with life.
  - —Four percent are not at all satisfied with life, and 36 percent are somewhat satisfied.
- Relationship to work:
  - —People who are not working are five times more likely than people who are working full time to be not at all satisfied with life.
  - —Sixty-three percent of people working full time are very satisfied with life, compared with 55 percent of people not working.
- Relationship to demographic characteristics:
  - —Unmarried people are 3.5 times as likely to be not at all satisfied with life as married people.
  - —Life satisfaction does not vary by gender.
  - —Men between the ages of 60 and 64 are more likely than men between the ages of 55 and 59 to be satisfied (65 percent versus 58 percent).
  - —Extreme dissatisfaction does not vary by race or ethnicity; however, Hispanics are somewhat more likely than other older people to be very satisfied with life. White men are less likely to be satisfied than black and Hispanic men at the same income level.
- Relationship to economic characteristics:
  - —Low-income (less than $7,500) people are much more likely than very high-income people (more than $50,000) to be not at all satisfied with life (17 percent versus 0.4 percent).
  - —High-income people are two-thirds more likely than low-income people to say that they are very satisfied with life.
  - —People with less than a high school education are four times more likely than people with a college education to be dissatisfied with life.
- Relationship to health status:
  - —Sixty-six percent of persons in excellent or good health are very satisfied with life, compared with 38 percent of those in fair or poor health.
  - —Those in fair or poor health are almost eight times as likely to be very dissatisfied with life.

LESSONS

- These are some of the most significant determinants of life satisfaction among older adults:
  - —Being employed full time
  - —Being married
  - —Having family income in excess of $15,000
  - —Being in good or excellent health
- These results suggest that life planning early in life can help shape satisfaction in older life. The plans should include:
  - —Getting a good education that leads to stable employment and higher income
  - —Developing and maintaining a good marital relationship
  - —Maintaining good health habits that prevent or delay the onset of chronic disease and disability

LIFE SATISFACTION AND OLDER ADULTS

Older middle age (ages 50 to 64) is a period of marked change for many people. Retirement or onset of chronic disease and disability may markedly alter not only economic status but also feelings of worth and accomplishment linked to employment. Better understanding of the determinants of life satisfaction among this age group, therefore, may enhance our understanding of the importance of health, employment, and socioeconomic status in later life.

This paper reports findings from a nationwide telephone-interview survey of older Americans by Louis Harris and Associates in 1989 (Harris, 1989; this report is the third in a series of papers analyzing Harris data sponsored by The Commonwealth Fund). The paper summarizes the survey results regarding the life satisfaction of this population group, and particularly the degree of life satisfaction among those who are not working. It concludes with a discussion of steps individuals can take early in life to increase life satisfaction in older age.

I. *Data*

This Louis Harris and Associates telephone-interview survey was conducted over the period from March through September 1989. The sample included 3,509 people between the ages of 50 and 64 throughout the United States. Included in the overall sample were:

- 1,758 women between the ages of 50 and 59; and
- 1,751 men between the ages of 55 and 64.

Further references will be made to the survey population as persons aged 50 to 64, or simply older adults, although it should be recalled that the survey population does not include women aged 60 to 64 or men aged 50 to 54. The total size of the population is roughly equivalent to a 10-year age span rather than a 15-year age span.

The survey population is a nationally representative sample of 21.5 million people within these age-sex categories, approximately 62 percent of whom are working. The survey collected information on life satisfaction, work history and current working status, health status, health insurance coverage, as well as a range of socioeconomic characteristics. A copy of the survey instrument is included in Harris (1989). All reported data are weighted by age, race, sex, and working status to produce national

estimates of the 21.5 million Americans in the age cohorts surveyed. A more detailed description of the survey methodology is contained in Harris (1989).

II. *Life Satisfaction of Older Adults*

Life satisfaction is measured by response to a question asking whether respondents are very satisfied, somewhat satisfied, or not at all satisfied with life. As shown in Table 1 and Figure 1, 60 percent of older adults responded that they are very satisfied with life, 36 percent indicated that they are somewhat satisfied with life, and 4 percent responded that they are not at all satisfied with life. These results indicate that, on the whole, older adults are reasonably satisfied with their life situation, with only a small minority expressing extreme dissatisfaction with their life.

A. *Cross Tabulations*

Life satisfaction differs depending upon the employment status of the older adult. Extreme dissatisfaction is five times higher among those who are not working than among those who are working full time (see Table 1 and Figure 2). Individuals employed part time tend to be more dissatisfied than adults employed full time. Sixty-three percent of adults who work full time report being very satisfied with life, compared with 55 percent of those who are not working (Table 1 and Figure 3).

The link between employment status and life satisfaction confirms the findings of other studies investigating the relationship between employment and various measures of subjective well-being. Palmore and Luikart (1972), for example, find that employment is a significant determinant of life satisfaction (as measured by ranking on a Cantril Ladder) for men between the ages of 45 and 69.

Variations in reported life satisfaction by age indicate somewhat higher levels of satisfaction for those over age 60. As shown in Table 1 and Figure 4, 60 percent of women between the ages of 50 and 54 are very satisfied, 59 percent of men and 56 percent of women between the ages of 55 and 59 are very satisfied, and 65 percent of men between the ages of 60 and 64 are very satisfied.

Most previous studies have found only small relationships between age and life satisfaction. A meta-analysis of 389 estimates of the relationship between age and subjective well-being found a minimal, though statistically significant, positive relationship between age and subjective well-being over the entire life span (Stock et al., 1983). Age accounts for less than 1 percent of the explained variance in these estimates. The authors suggest that age may not be the primary explanator of subjective well-being so much as age-related factors such as retirement or health status, and they urge that there be further multivariate analysis of the determinants of

subjective well-being. Another study of older adults between the ages of 45 and 64 also failed to find any relationship between life satisfaction and age (Palmore and Luikart, 1972).

Life satisfaction does not seem to differ markedly between older men and older women. Sixty-three percent of older men are very satisfied, compared with 57 percent of women (see Table 1 and Figure 5). Moreover, approximately the same proportion of older men and older women are not at all satisfied with life (3 percent versus 4 percent). This, too, confirms other studies that have failed to find a significant relationship between gender and life satisfaction (Palmore and Luikart, 1972).

Life satisfaction also does not appear to differ between older white adults and older black adults (see Table 1 and Figure 6). Sixty percent of older white adults and 59 percent of older black adults report that they are very satisfied with life. Older Hispanics are more likely to be very satisfied (69 percent), but given their small numbers in the sample, this may not be significant.

Life satisfaction does appear to differ markedly between those who are married and those who are widowed, divorced, separated, or those who were never married. Sixty-four percent of those who are married report being very satisfied, compared with 46 percent of those who are not married (see Table 1 and Figure 7). Those who are not married are 3.5 times as likely to report being not at all satisfied with life. This result is striking and differs from some earlier studies. For example, the Palmore and Luikart (1972) study of middle-aged adults between the ages of 45 and 69 did not find any significant effect of marital status on life satisfaction as measured by the Cantril Ladder.

Life satisfaction increases with family income (see Table 1 and Figure 8). Forty-three percent of those with family incomes of below $7,500 are very satisfied, compared with 71 percent of those with family incomes of over $50,000. By contrast, those who are not at all satisfied with life range from 17 percent for those with family incomes of below $7,500 to less than 1 percent of those with family incomes of over $50,000.

The importance of family income confirms other studies that have found socioeconomic status to be a major determinant of life satisfaction. Palmore and Luikart (1972), for example, found that income is significantly related to life satisfaction for adults between the ages of 46 and 59, although it is not significant for all adults between the ages of 46 and 69. Spreitzer and Snyder (1974) also found that life satisfaction both for those over age 65 and for those under age 65 is significantly related to perceived financial adequacy.

Education would also appear to be positively related to life satisfaction. As shown in Table 1 and Figure 9, 57 percent of those with less than a high school education report being very satisfied with life, compared with 66 percent of those with a college education or better. Those with less than a high school education are more than four times as likely to be not at all satisfied as those with a college education or better. This result again confirms the study of Palmore and Luikart (1972), which found that education is significantly related to life satisfaction among adults aged 45 to 59.

Finally, life satisfaction appears to be strongly associated with self-perceived health status. As shown in Table 1 and Figure 10, 66 percent of those in excellent or good health report being very satisfied, compared with only 38 percent of those older adults in fair or poor health. Twelve percent of those in fair or poor health report being not at all satisfied, compared with 1.5 percent of those in excellent or good health. This finding confirms several other studies that have found self-rated health status to be the most important determinant of life satisfaction. For example, Palmore and Luikart (1972) found that self-rated health status was the most significant factor explaining life satisfaction of adults between the ages of 45 and 69, and accounted for two-thirds of the explained variance. Self-rated health status was a better predictor than physical health status as measured by physician examinations and laboratory tests. Spreitzer and Snyder (1974) also found that self-assessed health status is significantly associated with life satisfaction among adults over age 65 and those under age 65.

B. *Univariate and Multiple Logistic Regression Analyses*

To sort out the independent effect of these various factors, a logistic regression analysis was performed. Univariate logistic regressions did not find a significant relationship between persons aged 50 to 64 who were very or somewhat satisfied and age or gender. Full-time employment status, married status, higher income (above $7,500), education (college graduate or better), professional occupation, and fair or poor health are significantly associated with being very or somewhat satisfied.

Multiple logistic regression analysis, including those variables that are significantly related to life satisfaction in the univariate analysis, revealed that education and professional occupation are not independently significant, holding constant for income and employment status. Table 2 reports the results of the multiple logistic regression analysis for all older adults between the ages of 50 and 64, including all variables found to be significantly associated with life satisfaction in the multiple logistic analysis.

Full-time employment status is significantly related to life satisfaction at the p<=.01 level, holding constant for marital status, income, and health status. The odds ratio for being very or somewhat satisfied with life between full-time and nonworking older adults is 2.9. Working appears to be associated with greater life satisfaction, apart from the benefits of employment generated by higher income. This is consistent with other studies that have found that the organized activity afforded by work makes a positive contribution to subjective well-being.

Married older adults are more likely to be satisfied with life than are divorced, widowed, separated, or never-married persons. Being married is positively associated with life satisfaction at the p<=.01 level. The estimated odds ratio of being very or somewhat satisfied between married and nonmarried older adults is 2.9. This differs from other studies that have failed to find a significant relationship between marital status and life satisfaction (Palmore and Luikart, 1972). The significance of marital status in the multiple logistic analysis indicates that marital status is not simply serving as a proxy for better socioeconomic status or health status, but rather has an independent association with life satisfaction.

Family income that is greater than $25,000 is positively associated with life satisfaction. Family income that is between $25,000 and $35,000 is significant at the p<=.05 level, while income that is greater than $35,000 is significant at the p<=.01 level. Predicted life satisfaction increases steadily with income, with successively larger estimated coefficients for each income class above $25,000. The estimated odds ratios of being very or somewhat satisfied between those with incomes of $25,000 to $35,000 and those with incomes below $25,000 is 2.0. The odds ratio for those with incomes of $35,000 to $50,000 and those with incomes of under $25,000 is 2.8. The odds ratio for those with incomes of over $50,000 compared with those with incomes of under $25,000 is 8.2.

Self-assessed health status is strongly associated with life satisfaction. Being in excellent or good health is positively related to life satisfaction at the p<=.01 level. The estimated odds ratio of being very or somewhat satisfied for older adults in excellent or good health as compared with people in fair or poor health is 4.4.

III. *Life Satisfaction of Older Men*

Since role expectations for men and women may differ, satisfaction linked to employment or marital status may differ in men and women. To examine whether different factors explain life satisfaction among older men and older women, separate analyses of men and women were conducted.

Table 3 presents multiple logistic regression analysis results for men aged 55 to 64. The best predictive model includes employment status, age, marital status, race/ethnicity, income, and health status, and is based on an evaluation of the chi-squares of alternative models that include education, professional and technical skills, and part-time working status.

As shown, full-time work has a positive association with life satisfaction for older men. It is significant at the p<=.01 level. The estimated odds ratio of full-time workers compared with those working part time or not working is 3.5. This provides strong support for the hypothesis that men who work full time are more likely to express satisfaction with life than those who are outside the labor force or work only part time.

Marital status is not significantly associated with life satisfaction among working older men at the p<=.10 level. Being between ages 60 and 64, however, does increase satisfaction at the p<=.05 level. The odds ratio of being very or somewhat satisfied for men aged 60 to 64 as compared with men aged 50 to 59 is 1.9. This provides some indication that life satisfaction increases slightly as men age. Surprisingly, white men are somewhat less likely to be very or somewhat satisfied than black and Hispanic men at the same income level (p<=.10). The odds ratio of being very or somewhat satisfied for blacks and Hispanic older men compared with white older men is 2.3.

Family income of over $15,000 is positively associated with life satisfaction. The size of the coefficient increases for each income class over $15,000 (that is, $15,000 to 24,999; $25,000 to 34,999; $35,000 to 49,999; $50,000+). The estimated odds ratio of being very or somewhat satisfied for those with incomes from $15,000 to $24,999 as compared to those with incomes below $15,000 is 2.5; for those with incomes of $25,000 to 34,999 the odds ratio is 3.6; for those with incomes of $35,000 to 49,999 the odds ratio is 5.6; and for those whose income is above $50,000, the odds ratio is 12.7 (although the 95 percent confidence interval ranges from 2.4 to 66).

Older men who are in excellent or good health are much more likely to be satisfied with life (p<=.01). Even holding constant for other factors associated with health such as employment status and income, health is a strong independent predictor of life satisfaction. The odds ratio for those who are in excellent or good health compared with those who are in fair or poor health is 3.9.

IV. *Life Satisfaction of Older Women*

Table 3 reports multiple logistic regression analysis results for women who are between the ages of 50 and 59. The same basic relationships found for older men hold for older women, with employment status, income, and health status all being linked to life satisfaction. The most striking difference is that marital status is significantly associated with life satisfaction for women.

Married older women are more likely to be very or somewhat satisfied with life ($p<=.01$). The estimated odds ratio of being very or somewhat satisfied for married older women as compared to unmarried women is 3.9. Being married increases women's life satisfaction independently of the higher family income that married women enjoy.

Age and race or ethnicity are not statistically significant for women. There is no difference in life satisfaction between women aged 50 to 54 and women aged 55 to 59. Nor is there a statistically significant difference between white women and women who are black or Hispanic.

Family income is positively associated with life satisfaction. Women with a family income of above $15,000 are more likely to be satisfied than those with incomes of below $15,000. The coefficient increases with each income class above $15,000 (that is, $15,000 to 24,999, $25,000 to 34,999, $35,000 to 49,999, $50,000 to 99,999) and is significant at the $p<=.05$ level for income classes of over $35,000. The estimated odds ratio of being very or somewhat satisfied for those with incomes of $15,000 to 24,999 compared with those with incomes of below $15,000 is 2.3; for those with incomes of $25,000 to 34,999 the odds ratio is 2.2; for those with incomes of $35,000 to 49,999 the odds ratio is 3.3; and for those with incomes of above $50,000 the odds ratio is 12.1 (although with a 95 percent confidence interval ranging from 1.4 to 104.3).

Finally, health status is strongly associated with life satisfaction among older women ($p<=.01$). Those who assess their health as excellent or good are much more likely to be very or somewhat satisfied with their life. The odds ratio of being very or somewhat satisfied with life for those who are in excellent or good health as compared with those who are in fair or poor health is 4.0.

V. *Preferences Regarding Work and Retirement*

It is possible that life satisfaction is affected by whether or not people's preferences regarding work and retirement are being met. Those who are not working but would prefer to be employed are likely to be less satisfied than those who are

happy to be retired and made that decision voluntarily. On the other hand, those who are working but would prefer to be retired may be less satisfied than those who are working and prefer to be working.

Descriptive statistics indicate that life satisfaction is lower among older people who are not working but are able and willing to work. About 10.2 percent of older people in this category are not at all satisfied with life, compared with 3.5 percent of all older people.

Whether they prefer to be working or prefer to be retired, workers have about the same life satisfaction. Overall, about 3.5 percent of those who are working but want to retire rate themselves as being not at all satisfied with life—the same as for the total population.

To test these hypotheses statistically, two additional variables were added to the multiple logistic regression analysis: a dummy variable with a value of one for those who are not working and wish to be retired (referred to as contented nonworkers) and a dummy variable with a value of one for those who are working and wish to be working (referred to as contented workers).

Table 4 presents the multiple logistic regression results for men and women combined, and separate analyses for older men and for older women. All of the other variables in the model remain essentially unchanged, with only the addition of work and retirement preference variables. Full-time work continues to be positively associated with life satisfaction for both older men and older women. High income and excellent or good health also are positively associated with life satisfaction.

The multiple logistic regression results in Table 4 indicate that life satisfaction is significantly higher for those who have retired voluntarily than it is for those who are out of the workforce but are willing and able to work at the $p<=.01$ level. The odds ratio of being very or somewhat satisfied for those who are not working voluntarily or working part time as compared with those who are not employed but willing and able to work is 1.7.

Separate analyses for men and women, as shown in Table 4, indicate that not working when able and willing to work is primarily a source of dissatisfaction for older women. It is not significant at the $p<=.10$ level for men, but it is significant at the $p<=.01$ level for women. The odds ratio of being very or somewhat satisfied is 2.8 for women who are not working as a matter of preference, as compared with women who are not working and are willing and able to work.

There is no statistically significant difference between workers who prefer to be working and those who would prefer to be retired. This holds for both men and women.

VI. *Conclusions*

The findings of the Harris survey of older adults suggest certain steps that younger adults could take that might well enhance their degree of life satisfaction in older middle age. In particular, the analyses indicate that the following are some of the most significant determinants of life satisfaction among older adults:

—Being employed full time

—Being married

—Having family income in excess of $15,000

—Being in good or excellent health

—Continuing to work when able and willing to do so

These results suggest that life planning early on can help shape satisfaction in later life. The planning might include:

—Getting a good education that leads to stable employment and higher income

—Developing and maintaining a good marital relationship

—Maintaining good health habits that prevent or delay the onset of chronic disease and disability

While these are hardly startling conclusions, they do confirm the merit of the early making of life-course decisions that are based upon a longer-range perspective of subjective well-being over a lifetime.

REFERENCES

Louis Harris and Associates, 1989. *Older Americans: The Untapped Labor Source*, New York.

Palmore, Erdman, and Vira Kivett, 1977. "Change in Life Satisfaction: A Longitudinal Study of Persons Aged 46-70," *Journal of Gerontology*, Vol. 32, No. 3, pp. 311-316.

Palmore, Erdman, and Clark Luikart, March 1972. "Health and Social Factors Related to Life Satisfaction," *Journal of Health and Social Behavior*, Vol. 13, pp. 68-79.

Spreitzer, Elmer, and Eldon E. Snyder, 1974. "Correlates of Life Satisfaction Among the Aged," *Journal of Gerontology*, Vol. 29, No. 4, pp. 454-458.

Stock, William A., Morris A. Okun, Marilyn J. Haring, and Robert A. Witter, 1983. "Age Differences in Subjective Well-Being: A Meta-Analysis," *Evaluation Studies Review Annual*, Vol. 8, pp. 279-302.

Table 1. Life Satisfaction Among the Population Ages 50-64, by Selected Characteristics, 1989

	Percent of Population		
	Very Satisfied	Somewhat Satisfied	Not at All Satisfied
Total	60.1	36.4	3.5
Employment status			
Full time	63.2	35.5	1.3
Part time	65.0	32.6	2.5
Not working	54.6	38.5	6.9
Age			
50-54	59.9	37.3	2.8
55-59	57.3	38.7	4.0
Men	58.5	38.0	3.5
Women	56.2	39.2	4.6
60-64	65.4	31.3	3.3
Gender			
Male	63.0	33.8	3.2
Female	57.5	38.6	3.9
Marital status			
Not married	46.2	45.9	7.9
Married	64.2	33.5	2.3
Race			
White	59.7	36.9	3.4
Black	59.1	36.5	4.4
Hispanic	69.0	26.8	4.2
Other	52.0	42.3	5.7
Income			
Less than $7,500	42.8	40.3	16.9
$7,500-14,999	49.0	41.3	9.7
$15,000-24,999	56.0	40.7	3.3
$25,000-34,999	58.1	39.6	2.3
$35,000-49,999	64.5	34.3	1.2
$50,000+	71.3	28.3	0.4

Table 1. Life Satisfaction Among the Population Ages 50-64, by Selected Characteristics, 1989 (cont.)

	Percent of Population		
	Very Satisfied	Somewhat Satisfied	Not at All Satisfied
Total sample	60.1	36.4	3.5
Education (years)			
<12	57.2	36.1	6.7
12-15	58.4	38.2	3.4
16+	66.0	32.4	1.6
Health status			
Excellent/good	65.7	32.7	1.5
Fair/poor	37.8	50.7	11.5

Source: K. Davis. Based on data from Louis Harris and Associates, 1989.

Table 2. Life Satisfaction Among the Population Ages 50-64, 1989: Multiple Logistic Regression Analysis

	Coefficient (S.E.)	Odds Ratio
Employment status		
Full time	1.0750**	2.93
	(0.257)	
Marital status		
Married	1.0638**	2.90
	(0.203)	
Income		
$25,000-$34,999	0.6797*	1.97
	(0.305)	
$35,000-$49,999	1.0392**	2.83
	(0.371)	
$50,000+	2.0993**	8.16
	(0.638)	
Health status		
Excellent/good health	1.4842**	4.41
	(0.214)	
Intercept	2.3551**	10.54
	(0.222)	

Source: K. Davis. Based on data from Louis Harris and Associates, 1989.
**p<=.01
*p<=.05

Table 3. Life Satisfaction Among Men Aged 55-64 and Women Aged 50-59, 1989: Multiple Logistic Regression Analysis

	Men Aged 55-64	Odds Ratio	Women Aged 50-59	Odds Ratio
Employment status				
Full time	1.245**	3.47	.996**	2.71
	(.420)		(.353)	
Age[1]				
50-54	—	—	–.004	—
			(.284)	
60-64	.620*	1.86	—	—
	(.311)			
Marital status				
Married	.500	1.65	1.354**	3.87
	(.334)		(.305)	
Race/ethnicity				
Black or Hispanic	.838+	2.31	.309	1.36
	(.432)		(.322)	
Income[2]				
$15,000-24,999	.924*	2.52	.831*	2.30
	(.384)		(.395)	
$25,000-34,999	1.293**	3.64	.796+	2.22
	(.480)		(.435)	
$35,000-49,999	1.721**	5.59	1.185*	3.27
	(.579)		(.526)	
$50,000+	2.539**	12.67	2.489*	12.05
	(.826)		(1.079)	

Table 3. Life Satisfaction Among Men Aged 55-64 and Women Aged 50-59, 1989: Multiple Logistic Regression Analysis (cont.)

	Men Aged 55-64	Odds Ratio	Women Aged 50-59	Odds Ratio
Health status				
Excellent/good health	1.352**	3.87	1.393**	4.03
	(.330)		(.298)	
Intercept	2.496**	12.13	2.245**	9.44
	(.552)		(.396)	
Model chi-square	105.56**		136.41**	
	(9 d.f.)		(9 d.f.)	

Source: K. Davis. Based on data from Louis Harris and Associates, 1989.

[1]Age reference category is 55-59 years old.

[2]Income reference category is < $15,000.

**p<=.01

*p<=.05

+p<=.10

Table 4. Life Satisfaction and Preferences Regarding Work and Retirement, 1989: Multiple Logistic Regression Analysis

	Men Aged 55-64	Odds Ratio	Women Aged 50-59	Odds Ratio	Men and Women	Odds Ratio
Employment status						
Full time	1.123*	3.09	.720+	2.05	.893**	2.44
	(.442)		(.377)		(.273)	
Age[1]						
50-54	—	—	.030	1.03	—	—
			(.288)			
60-64	.565+	1.76	—	—	—	—
	(.314)					
Marital status						
Married	.502	1.65	1.329**	3.78	1.042**	2.83
	(.334)		(.305)		(.203)	
Race/ethnicity						
Black or Hispanic	.885*	2.42	.475	1.61	—	—
	(.436)		(.338)			
Income[2]						
$15,000-24,999	.876*	2.40	.900*	2.46	—	—
	(.387)		(.399)			
$25,000-34,999	1.239*	3.45	.842+	2.32	.662*	1.94
	(.483)		(.438)		(.306)	
$35,000-49,999	1.660**	5.26	1.235*	3.44	.999**	2.72
	(.582)		(.527)		(.373)	
$50,000+	2.473**	11.86	2.443*	11.51	2.032**	7.63
	(.829)		(1.081)		(.640)	

Table 4. Life Satisfaction and Preferences Regarding Work and Retirement, 1989: Multiple Logistic Regression Analysis (cont.)

	Men Aged 55-64	Odds Ratio	Women Aged 50-59	Odds Ratio	Men and Women	Odds Ratio
Health status						
Excellent/good health	1.432** (.337)	4.18	1.431** (.302)	4.18	1.540** (.216)	4.66
Preferences regarding work and retirement						
Contented, nonworkers	.521 (.396)	1.68	1.045** (.343)	2.84	.784** (.247)	2.19
Contented, workers	.160 (.625)	1.17	.093 (.588)	1.10	.203 (.421)	1.23
Intercept	2.770** (.595)	15.96	2.643** (.436)	14.06	2.609** (.242)	13.59
Model chi-square	107.23** (11 d.f.)		145.17** (11 d.f.)		229.66** (8 d.f.)	

Source: K. Davis. Based on data from Louis Harris and Associates, 1989.

[1]Age reference category is 55-59 years old.

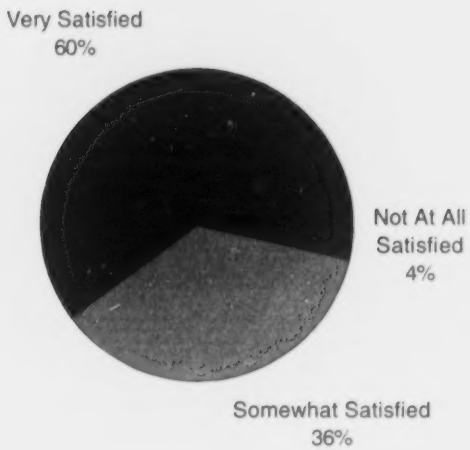
[2]Income reference category is <$15,000.

*p<=.05

+p<=.10

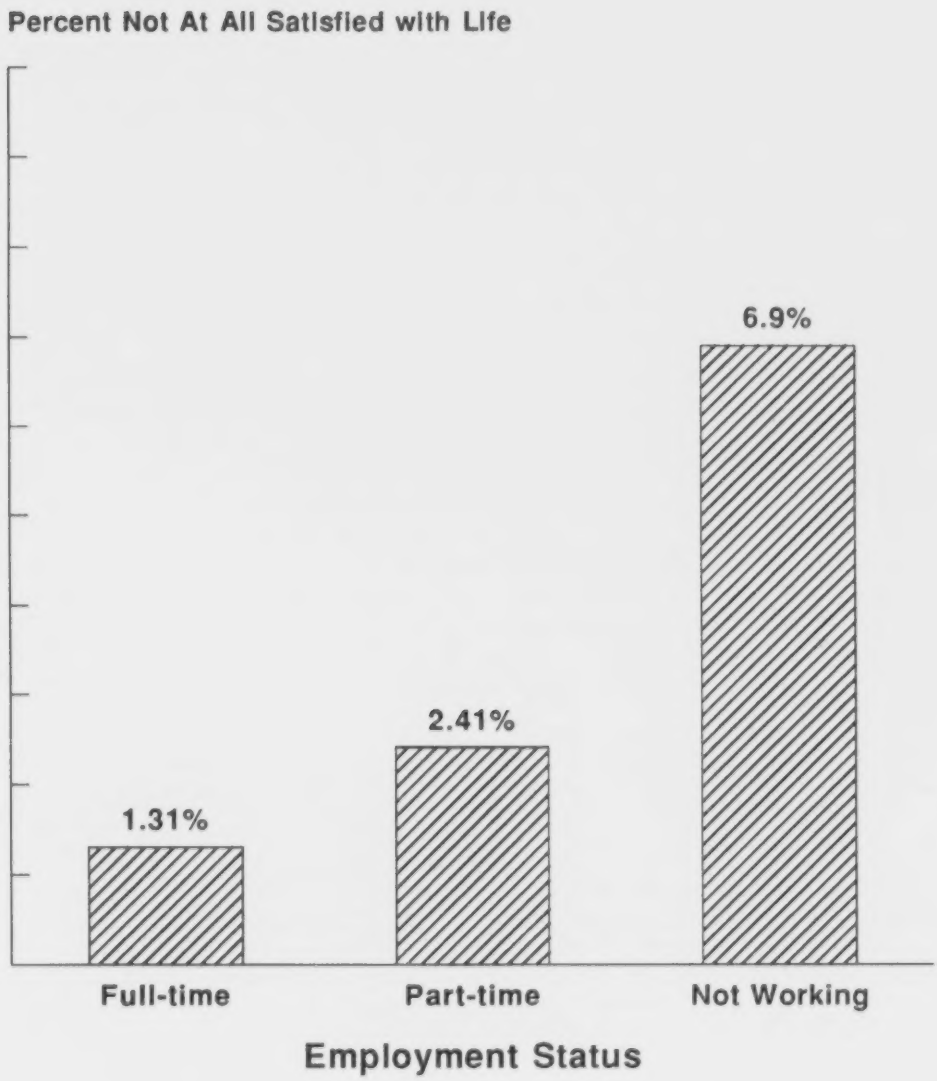
**p<=.01

Figure 1. Life Satisfaction among Population Aged 50-64, 1989



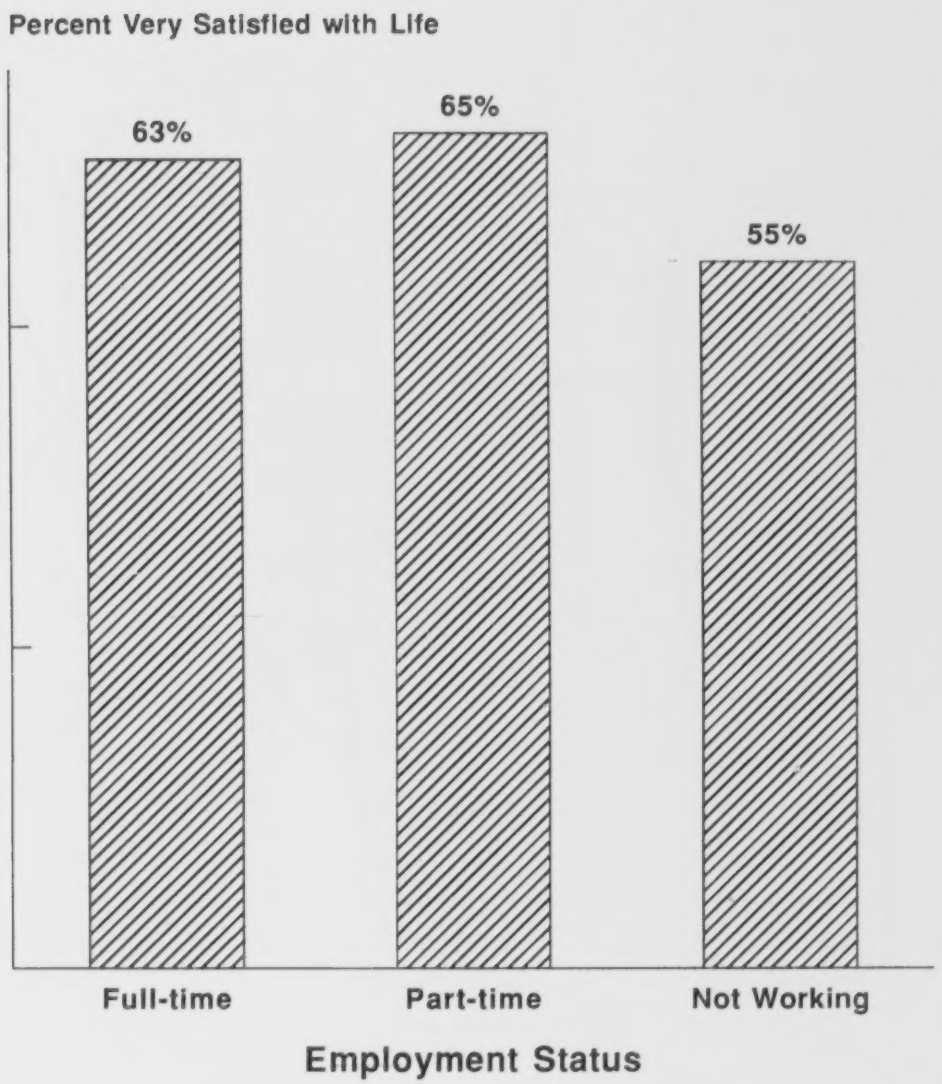
Source: **K. Davis. Based on data from Louis Harris and Associates, 1990.**

Figure 2. Percent of the Population Aged 50-64 Not At All Satisfied with Life by Employment Status, 1989



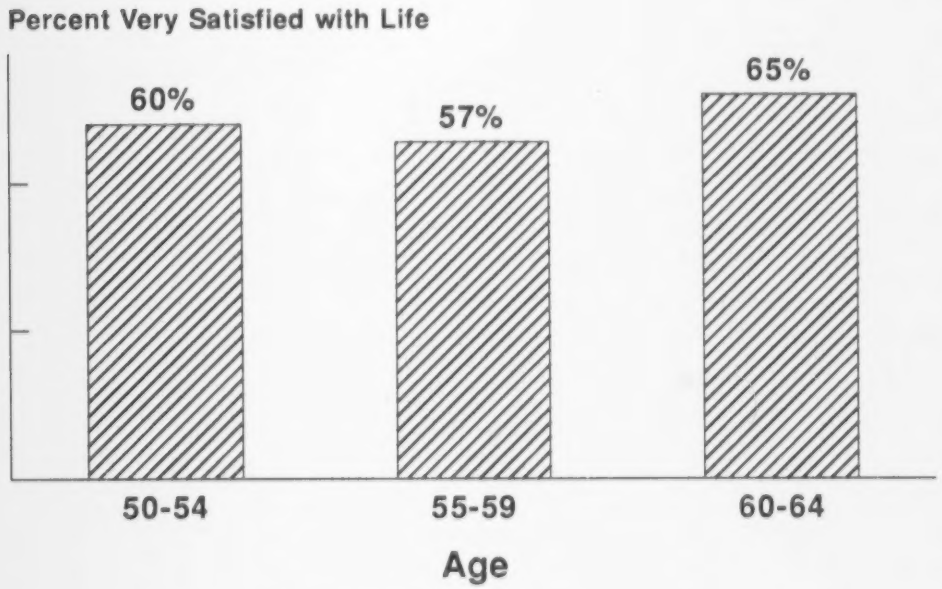
Source: K. Davis. Based on data from Louis Harris and Associates, 1990.

Figure 3. Percent of the Population Aged 50-64 Very Satisfied with Life by Employment Status, 1989



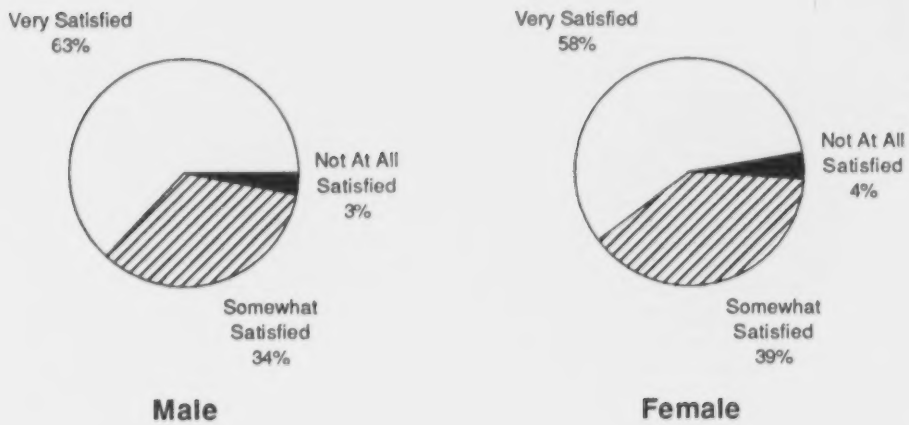
Source: K. Davis. Based on data from Louis Harris and Associates, 1990.

Figure 4. Percent of Population Aged 50-64 Very Satisfied with Life by Age, 1989



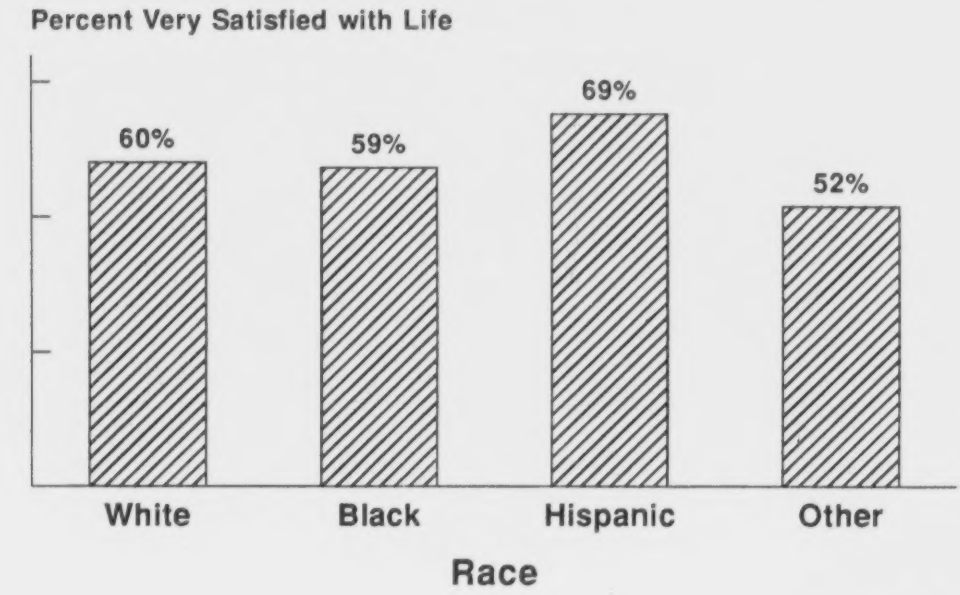
Source: K. Davis. Based on data from Louis Harris and Associates, 1990.

Figure 5. Life Satisfaction among Population Aged 50-64 by Sex, 1989



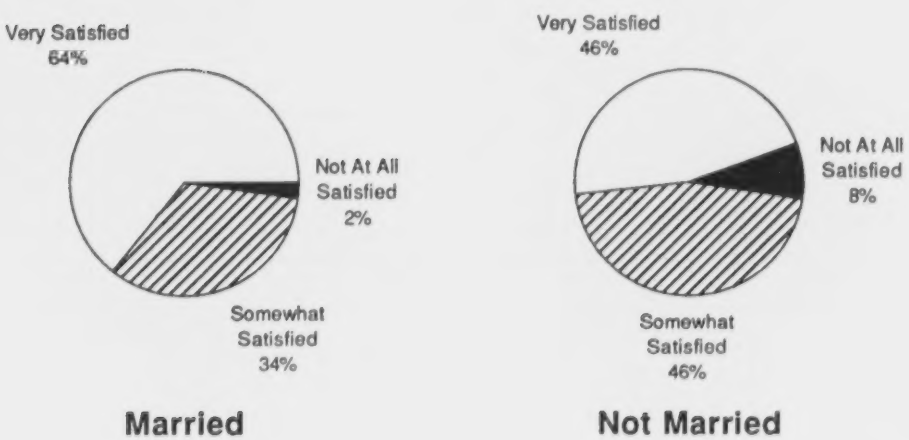
Source: **K. Davis. Based on data from Louis Harris and Associates, 1990**

Figure 6. Percent of Population Aged 50-64 Very Satisfied with Life by Race, 1989



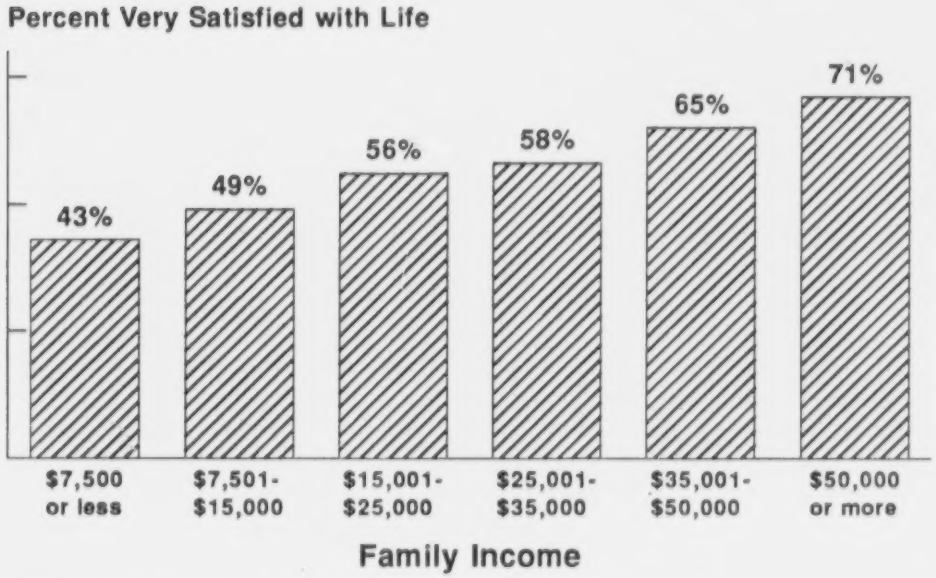
Source: K. Davis. Based on data from Louis Harris and Associates, 1990.

Figure 7. Life Satisfaction Among Population Aged 50-64 by Marital Status, 1989



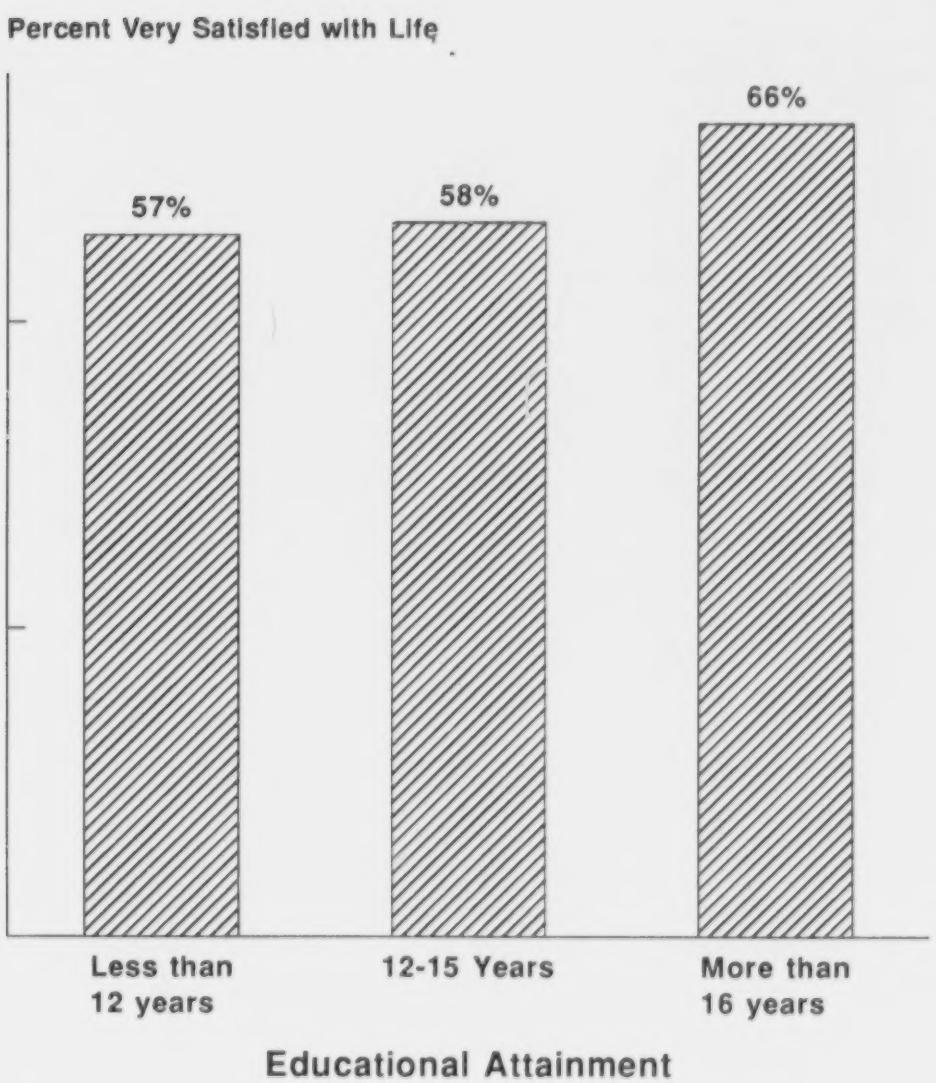
Source: K. Davis. Based on data from Louis Harris and Associates, 1990

Figure 8. Percent of Population Aged 50-64 Very Satisfied with Life by Annual Family Income, 1989



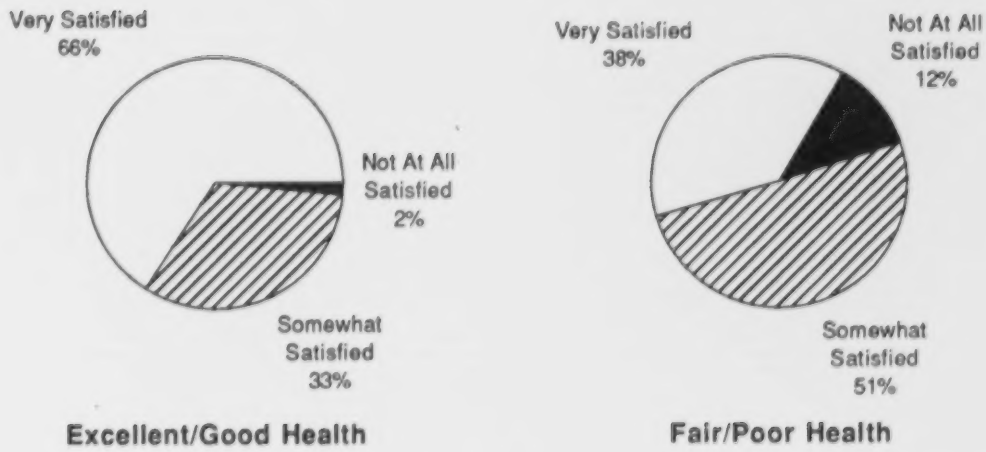
Source: K. Davis. Based on data from Louis Harris and Associates, 1990.

Figure 9. Percent of Population Aged 50-64 Very Satisfied with Life by Education, 1989



Source: K. Davis. Based on data from Louis Harris and Associates, 1990.

Figure 10. Life Satisfaction Among Population Aged 50-64 by Health Status, 1989



Source: **K. Davis. Based on data from Louis Harris and Associates, 1990**

THE COMMONWEALTH FUND
One East Seventy-Fifth Street
New York, N.Y. 10021-2692
(212) 535-0400